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ABSTRACT

This report of a hearing before the House Subcommittee on Employment concerns the implementation of the Job Training Partnership Act (JTPA). Witnesses addressed concerns about the program's allegedly unspent funds and the proposed funding cuts. Testimony was heard from William E. Brock, Secretary of Labor, and Raymond Flynn, Mayor of Boston, Massachusetts, among others. Secretary Brock addressed the issue of JTPA funding allocated to the states, the proposed budget for fiscal year 1986, State and Federal coordination of the program, implementation of civil rights compliance mechanisms, recordkeeping requirements of the program, and achievements in targeting service groups. Mayor Flynn's statement addressed the successes of the program and spoke for the maintenance of funding, particularly in relationship to the needs of urban areas. Gary Orfield, from the University of Chicago, summarized the findings of a study about JTPA in Illinois, which found that there has been an enormous shrinkage of training resources throughout the state and that there were serious problems of equal opportunity at every level of the training system. Other testimony addressed the issues of the Federal role in the program, expenditure constraints and reports, and the general effectiveness of the program. Included are extensive supporting documents. (CG)

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OVERSIGHT HEARING ON THE DEPARTMENT OF LABOR'S IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, OCTOBER 10, 1985

Serial No. 99-54

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OVERSIGHT HEARING ON THE DEPARTMENT OF LABOR'S IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

THURSDAY, OCTOBER 10, 1985

House of Representatives,
Committee on Education and Labor,
Subcommittee on Employment Opportunities,
Washington, DC.

The subcommittee met, pursuant to call, at 8:45 a.m., in room 2175, Rayburn House Office Building, Hon. Matthew G. Martinez (chairman of the subcommittee) presiding.

Members present: Representatives Martinez, Williams, Hayes, Atkins, Hawkins, Gunderson, Henry, and Jeffords.

Staff present: Eric P. Jensen, Paul Cano, Genevieve Galbreath, Valerie White, Carole Schanzer, Dr. Beth Buehlman, and Mary Gardner.

Mr. Martinez. I call this hearing to order. This subcommittee meeting is to conduct an oversight hearing on the Department of Labor's implementation of the Job Training Partnership Act. We are deeply honored to have before us today the Honorable William Brock, Secretary of Labor, and the Honorable Raymond Flynn, mayor of Boston, MA.

As you know, the Job Training Partnership Act was signed into public law after concerted bipartisan effort in Congress. It was signed by President Reagan on October 13, 1982. The act, which replaced CETA as a national employment training program actually began on October 1, 1983, and is run on a July to June fiscal year.

Last year's appropriations for JTPA were $3.7 billion while this year's projected funding will be near $3.6 billion. The JTPA was created to target job training for a variety of unskilled workers. Title II-A provides training for economically disadvantaged adults and youth. II-B addressed the summer youth employment and training. Title III assists dislocated workers, and title IV covers a variety of workers such as native Americans, migrant and seasonal workers, Job Corps trainees, veterans, handicapped workers and other national activity groups.

As chairman of this subcommittee, I must underscore that JTPA is a crucial employment training program meeting the national need to provide employment training skills to those who seek to become a contributing part of our society. Witnesses before us today will address a number of concerns about the JTPA Program and how it can be run better to enable all of us to get the most out of this vital program.

I must express my personal concern about the proposed funding cuts under title III Dislocated Worker Program, which at this time will reduce the program by 55 percent. In addition, much confusion has been created by the Department over the alleged degree of unspent funds which JTPA groups tell me is an exaggeration of the problem. I trust that between the groups here in this room today, we can clarify whether the funds are being expended or whether their obligation by the PIC's are not being calculated by the Department of Labor.

Secretary Brock and Mayor Flynn, welcome to the subcommittee. We will hear from Secretary Brock first. Excuse me, Secretary Brock, I always do this. I always forget to ask my colleagues if they have opening statements, and they usually do. Mr. Gunderson.

Mr. **Gunderson**. But, Mr. Chairman, today in the interest of the Secretary's time problem, I am going to yield.

Mr. **Martinez**. Thank you, Mr. Gunderson. Chairman Hawkins.

Mr. **Hawkins**. I will follow suit. Since I understand there is a time constraint, I will relinquish the time which the chairman has yielded to me so graciously.

Mr. **Martinez**. I think that is very benevolent, especially in lieu of the Secretary's tight schedule. So you can go ahead and proceed. I did start right at this time.

STATEMENT OF HON. WILLIAM E. BROCK, SECRETARY OF LABOR

Secretary **Brock**. Mr. Chairman, I will submit a full statement for the record. I will also try to summarize that statement in order to expedite the process.

Let me begin by commending you and Congressman Gunderson for convening this hearing. It is critical to the continued success of JTPA that there be the closest possible communication and coordination between this subcommittee and the Department of Labor. I should note that the subcommittee under the chairmanship of Chairman Hawkins and closely helped by the leadership of Congressman Jim Jeffords made a historic contribution in guiding the development of JTPA and thus, it is with a great deal of pleasure that we look forward to continuing to work with this subcommittee, Mr. Chairman, under your leadership, and you have my pledge that consultation will be open, ongoing and close between us, as we try to work through this process which is, I think, one we jointly share a commitment to.

I have filed a statement for the record which takes up in detail the points you raised in your letter to me of September 26, but let me make some general remarks at this time about where we stand under JTPA after 2 years, and how I see the task ahead.

Overall, while I have only been Secretary of Labor for a few months, I have devoted a considerable amount of time to the Job Training Partnerhip Act and a review of its purposes and progress. My belief, strongly held, is that the program has been a remarkable success, and that this success is due in large part to the JTPA design to which this subcommittee contributed so importantly in framing the legislation.

That concept of partnership is fundamental to a successful program, partnership of the Federal Government, the State governments, local governments, and private industry councils. In terms of achievements, the goals which you set for us, Mr. Chairman, the goal of full private sector partnership has been achieved. The PIC's have been formed in all 596 service delivery areas. Over 11,000 representatives of business, industry, and the community across this country serve on the councils that effectively govern local programs.

The States are fully carrying out their broadened role of managing the program, providing leadership and planning, coordination, performance standards, and other program elements. We have more than met the law's requirement that 70 percent of resources be devoted to training. SDA's are actually using less than the law's 30 percent allowance for administration and support services.

The bottom line, JTPA placement rates have been extraordinarily exceeding our national standards. About 68 percent of the 1,125,000 disadvantaged youth and adults who completed the basic State II-A program have been placed in jobs. Approximately 74 percent of those leaving the Dislocated Worker Program under title III have been placed.

I think the issues that we have got to take a look at can be summarized fairly succinctly. We are off to an excellent start, and the program is working. There is a healthy partnership now in place.

I think the remaining requirement is essentially one of fine tuning. We must make more effective use of our JTPA resources in addressing youth unemployment and improve the tools at our disposal if necessary.

I have recently received incidentally valuable suggestions about how we can more effectively attack the youth problem from the 10 national organizations under the leadership of the National Alliance of Business, and we will be working with those groups in the coming months to achieve more effective delivery to our young people. A major task remaining is more effective coordination of JTPA with vocational education and other human resource development programs.

We have to review, and I think improve the adequacy of current performance standards, data collection and reporting requirements. We do need to assure that the Federal Government is fully carrying out its role in the partnership and that all levels of the delivery system is functioning as you and the Congress intended for it to.

I think, in conclusion, the most essential point I would like to make is that we have been fortunate with this particular Federal program in achieving something very nice. It has worked. Over a million people have been served and served effectively. Well over two-thirds of those who have been served have found gainful employment, almost three out of four under the title III program, and I think it is important for us to be very careful as we review the program and its progress to be sure that we are cautious in making major changes. It seems to me that what we need to do now is sit down and reason carefully together about how we can at the margin improve the deliveries of these services, but be very careful that we do not jeopardize the fundamental partnership itself. I think that is the spirit in which I think this committee has entered the conversation. It is the spirit with which we enter the conversation, and for that, I want to repeat my expression of gratitude for you and your leadership.

[The prepared statement of Secretary Brock follows:]

PREPARED STATEMENT OF WILLIAM E. BROCK, SECRETARY OF LABOR

Mr. Chairman and Members of the Subcommittee: I am pleased to have this opportunity to appear before you today at this oversight hearing on the Job Training Partnership Act (JTPA). I wish to commend the Subcommittee for holding these hearings and for the important role that Members of the Education and Labor Committee played in developing this landmark legislation.

In my prepared statement I will address each of the topics that your letter of invitation asked me to cover in my testimony.

(1) STATUS OF JTPA REGULATIONS AND GUIDELINES

Section 181 of JTPA imposed a very tight schedule on the Department's development and issuance of regulations and other guidance relating to the Act. All implementing program regulations were published in the Federal Register on or before the established deadlines. In order to get the planning process started, it was necessary to have early publication of regulations on the establishment of State Job Training Coordinating Councils (SJTCC) and Private Industry Councils (PIC) as well as the designation of Service Delivery Areas. These final regulations were published on December 30, 1982, less than 3 months after enactment of JTPA. Other program regulations relating to Titles I, II and III were published on March 15, 1983, as required by the Act. Also published on time were regulations and guidelines relating to performance standards, reporting, Title IV national programs and activities, and JTPA amendments to the Wagner-Peyser Act. I will discuss regulations implementing the equal oportunity and nondiscrimination provisions of JTPA later in my statement.

There has been only one amendment to the JTPA regulations since their initial publication, occasioned by the enactment of the Carl D. Perkins Vocational Education Act. This amendment revised the regulations to permit the use of performance-based single unit charge contracting for training youth.

Looking ahead, we fully intend to meet the Act's January 31, 1986 deadline for the issuance of Program Year 1986 performance standards. While we currently have no plans to modify the JTPA regulations, any changes will be made only after full consultation with this Subcommittee.

(2) THE DEPARTMENT'S ASSESSMENT OF THE IMPLEMENTATION OF THE JTPA PROGRAM

From the data and reports I have seen, I am convinced that we basically have a sound and effective program in JTPA. During the first 18 months of the program (October 1, 1983—March 30, 1985), over 1.1 million disadvantaged youth and adults ahve been enrolled in the basic State grant program and additional hundreds of thousands of individuals have been served under the dislocated worker program. Performance data for the program indicate that, overall, it is measuring up to the national standards we have set. For example, for one of the most critical measures of program success—entry into employment—the program is far exceeding our national standards. Sixty-seven percent of those leaving the Title II-A program entered jobs, and 70 percent of those leaving the dislocated worker program found jobs, according to our most recent data. The job placement rates for adults, welfare recipients and youth in the Title II-A program are each substantially above the national standards set for the program.

Furthermore, I believe that we can now say that JTPA has fulfilled our expectations with respect to the principles underlying that Act: the major responsibilities we have given to the States, the involvement of the private sector, the focus on training and the emphasis on performance. States have shown that they can play the key role of managing the employment and training system. They have effectively assumed major planning and oversight responsibilities for the system. The private sector also has responded to the challenge and I believe the partnership is working. Thousands of private sector employers have become members of Private Industry Councils and State Job Training Coordinating Councils. The private sector is now involved in all stages of program development and implementation. Such involvement is essential if JTPA programs are to reach and serve employers and participants in a meaningful way.

JTPA's focus on training and emphasis on performance also have been justified in my view. JTPA is reaching the same disadvantaged clients as earlier employment and training programs, but serving them at lower costs and with higher placement rates.

While I am convinced that JTPA is off to a very good start, I do not mean to imply that there are no concerns about the program that need to be addressed. Some of these concerns have been brought to my attention by Members of the House and Senate Labor Committees, as well as by the employment and training community at large. These concerns focus on issues such as whether JTPA is adequately serving youth and the most disadvantaged among the target population; the adequacy of current performance standards; data collection and reporting requirements; and whether all responsibilities are being sufficiently and properly carried out in the JTPA system. Mr. Chairman, I look forward to a constructive dialogue on these issues with you and other Members of your Subcommittee, at this and at future hearings, so that we can make sure that JTPA is doing the best possible job in achieving the program's objective.

I am also interested in hearing the ideas of others for addressing these issues. In this regard, I recently received from 10 national organizations, under the leadership of the National Alliance of Business, valuable suggestions about how we can more effectively attack the youth problem. The Department will be working closely with these organizations in the coming months.

(3) ALLOCATION OF JTPA FUNDS TO THE STATES

Most JTPA funds are distributed by statutory formula to States using the latest unemployment data available. Funding is on a program year basis, starting on July 1, with State allotments publicly announced the previous December. This advance notice of program operating levels has undoubtedly contributed to improved progam planning and operations.

The statutory formula used to distribute Block Grant and summer program funds has been the subject of much discussion over the last two years and is one area where changes may need to be made. This three part formula used to allot funds to the States and to allocate funds among the service delivery areas is extremely sensitive to changes in unemployment. The effects of the formula are somewhat mitigated because each State is guaranteed at least 90 percent of its prior year's share of total funding. However, a similar hold harmless provision is not provided for sub-State allocations. Thus, substantial changes in year to year local funding have occurred even when State funding levels have remained relatively stable. A more severe problem has occurred in the summer program where urban areas with their large numbers of eligible youth and relatively fewer available unsubsidized jobs have received substantially lower formula allocations than was provided before JTPA. This resulted in Congress appropriating supplemental funds the last two years to maintain local area program operating levels. At the same time, other areas were not able to utilize all of the funds that were allocated to them. The Title III formula used to distribute funds among the States differs from the Title II formula and is not as sensitive to changes in unemployment rate.

(4) THE PROPOSED BUDGET FOR FISCAL YEAR 1986

The Administration's proposed budget for JTPA for Fiscal Year 1986 is $2.8 billion. The request is to provide funds for JTPA from July 1986 through June 1987, and will allow employment and training services to be delivered to an estimated 2.2 million participants. For mainline JTPA programs, including the Title II-A Block Grant to States, and Native American and Migrant and Seasonal Farmworker Programs, the request continues funding at the 1985 levels. A $60 million decrease is proposed for the Summer Youth Employment and Training Program, but the effect of this reduction will be somewhat mitigated because of the availability of carryover funds. For the Dislocated Worker Program, the request is $122.5 million below the enacted 1985 level. The reason for the reduction is the large amount of unspent carryover funds; which are available to finance the Title III grants in Program Year 1986. Our preliminary data indicate that approximately $185 million, or almost one year's funding, was carried into the Fiscal Year 1985 program year. The requested funding will support the full 1985 enrollment level, to which we are still building throughout 1986. It will also permanently reduce carryover to a more acceptable level.

The Adminstration's Fiscal Year 1986 budget proposal also recommended phase-out of the Job Corps program, due to the high cost of the program and the availability of less costly alternatives for serving disadvantaged youth.

Even though the Department's Fiscal Year 1986 Appropriations Bill has not been enacted, the fact that JTPA programs are forward funded means they are not yet affected.

(5) STATE-FEDERAL COORDINATION OF THE JTPA PROGRAM

One of the major changes brought about by JTPA has been the emergence of States as the focal point of responsibility for distribution of Federal funds and oversight of JTPA program implementation. The assumption of these new responsibilities inevitably required a period of adjustment, but we believe this is now past and that most of the problems associated with coordination of Federal and State activities have been resolved.

Recent evidence suggests that Governors have a growing interest in developing and improving linkages between employment and training, economic development and education programs. And, increasingly, State Job Training Coordinating Councils are assuming greater responsibility for policymaking and oversight at the State level. This is attributable in part to stabilization in membership and the increased experience gained over time by private-sector members in resolving problems of program planning and implementation, including resource allocation disputes and liability issues.

We believe that a key to improved coordination has been the close cooperation of the private sector in program implementation. Such involvement provides a needed labor market perspective that is essential if we are to provide training and other services that relate to real job opportunities in the local labor market.

The Department tries to ensure coordination with the States through a variety of mechanisms: policy guidance and interpretation; technical assistance; forum conferences and meetings; and day to day interaction. Let me provide you with several examples.

First, the Department has provided a forum for JTPA State Liaisons through the JTPA Roundtable, which acts as a discussion group to inform the Department of policy concerns of the States. Second, the Department regularly convenes meetings and conferences with State representatives on selected topics. This has taken place on a regular basis with regard to the development of performance standards. Last week, the Department co-sponsored with the national Governors Association and the National Commission for Employment Policy, a national meeting of State Job Training Coordinating Council members. The purpose of the meeting was to discuss issues of concern regarding the roles and responsibilities of the SJTCC, including coordination. I personally attended this meeting.

Another way in which we ensure coordination is through the provision of technical assistance. The Department has utilized the National Governors' Association, the National Association of Counties, the U.S. Conference of Mayors, the National Alliance of Business and other organizations to provide technical assistance to the States. These organizations have first-hand knowledge and information about the types and extent of assistance that are needed. In addition, regional offices provide technical assistance directly to the States. We are currently taking a careful look at our technical assistance capability to see whether it meets the needs of the JTPA system.

(6) IMPLEMENTATION OF CIVIL RIGHTS COMPLIANCE MECHANISMS AND REGULATIONS

The Department's Office of Civil Rights has been delegated responsibility for enforcing equal opportunity and nondiscrimination provisions of statutes or regulations covering programs or activities receiving financial assistance from the Department of Labor. The following legislative mandates apply to JTPA:

Title VI of the Civil Rights Act of 1964
Age Discrimination Act of 1975
Section 504 of the Rehabilitation Act of 1973
Title IX of the Education Amendments of 1972; and
Section 167 of the Job Training Partnership Act of 1982

Under JTPA, the State has front-line responsibility for ensuring compliance of its subrecipients with applicable provisions of Federal nondiscrimination law. The Federal responsibility is clearly stated in JTPA. For example, Section 164(g) requires the Secretary, whenever he or she determines that a recipient of JTPA funds has discriminated or retaliated against an individual to take action or to order corrective measures. Also, Section 167(b) authorizes the Secretary, if unable to obtain the required corrective measures, to:

(a) Refer any such matters to the Attorney General for litigation;
(b) Exercise the powers and functions of relevant civil rights legislation; and

(c) Take any other action provided by law.

Further, under Section 166(a), the Secretary may determine not to award JTPA funding.

Pursuant to JTPA program regulations, the State's responsibility is mandated by the Deparment of Labor regulations which implement Title VI of the Civil Rights Act of 1964 which require that each "continuing State program" such as the JTPA program provide assurance that it has established:

"[S]uch methods of administration for the program as are found by the Secretary to give reasonable guarantee that the applicant [the State] and all recipients of Federal financial assistance under such program will comply with all requirements imposed by or pursuant to this part."

This requirement authorizes the Office of Civil Rights to assure that the necessary procedures or "methods of administration" to guarantee compliance with nondiscrimination laws have been established by each State and its recipients.

In order to ensure that all JTPA systems are in compliance, the Office of Civil Rights has sent a "Methods of Administration" questionnaire to all JTPA primary recipients—56 States and territories. Initially, while letters of findings which related to technical deficiencies were sent to a number of States, a total of 26 States have now been certified as having acceptable methods of administration. The Office of Civil Rights will schedule compliance reviews in Fiscal Year 1986 in those States whose methods of administration have not been certified and will conduct follow-up reviews of some States that have been certified.

I would now like to discuss the status of regulations implementing the equal opportunity and nondiscrimination provisions of JTPA. Back in 1979, the Department of Justice, in exercising its oversight responsibility of Federal enforcement of civil rights laws in programs receiving financial assistance, found the Department of Labor's enforcement program to be deficient in some aspects. As part of an agreement reached with Justice to correct those deficiencies, then Secretary of Labor Marshall committed the Department to publication of a comprehensive regulation. The regulation would implement DOL's enforcement authority under the nondiscrimination laws applicable generally to programs receiving financial assistance, in addition to implementing DOL's enforcement authority for the nondiscrimination provisions of DOL grant statutes. Work on the proposed regulation started immediately.

The completion of this ambitious project finally seems near, after years of consultation with the Department of Justice to resolve legal and procedural issues involved in the draft regulations.

(7) RECORDKEEPING REQUIREMENTS OF THE JTPA PROGRAM AND THE NEED FOR THEM

The Department's approach to recordkeeping and reporting under JTPA has been to balance the need for collecting, keeping and reporting essential information, while at the same time minimizing the Federally-mandated recordkeeping and reporting workload burden on JTPA recipients and subrecipients. The recordkeeping requirements for JTPA, as with many other requirements for the program, reflect the increased responsibility that is placed on the States by the legislation.

While we have avoided imposing burdensome reporting requirements on the system, there are substantive recordkeeping requirements. States must establish procedures and guidelines for the maintenance and retention of records pertinent to all grants and agreements. Records must be kept of costs, expenditures, participant characteristics, and the like. We monitor the States to see that adequate systems are in place, and we audit them. We look forward to working with the Committee to continue to assess our needs in this area. Of course, we wish to continue to avoid placing burdensome requirements on the system.

A major emphasis of JTPA is program performance, and the management information systems (MIS), reporting and recordkeeping requirements reflect this priority. Reporting for the first year of JTPA was required on a quarterly basis to track the initial implementation of the program; thereafter, reports have been submitted only on an annual basis. This ties the system to the measurement of the achievement of performance standards.

(8) ACHIEVEMENTS IN TARGETING SERVICE GROUPS

JTPA programs are targeted on the economically disadvantaged and dislocated workers, and our evaluation studies show that the programs are reaching these target groups. Our most recent data on participants (for the first 9 months of Program Year 1984) show that under Title II-A:

94 percent were economically disadvantaged;

41 percent were receiving public assistance;
52 percent were females;
46 percent were minorities;
40 percent were youth;
9 percent were handicapped; and
26 percent were school dropouts.

Our evaluations also show that enrollees in JTPA are more disadvantaged than eligible non-participants, as measured by family income and unemployment experience. In addition, the proportion of long-term unemployment participants is higher than in the eligible population generally. Approximately 75 percent of the States have established targeting beyond the economically disadvantaged criterion contained in the Act.

Data on Title III participants show that:

51 percent were economically disadvantaged;
38 percent were females;
19 percent were school dropouts; and
30 percent were minorities.

Not surprisingly, the Title III target group is less disadvantaged than that of Title II.

While there are many issues relating to whom the program is serving, it is clear that JTPA is continuing to reach those who are targeted for service under the law. I look forward to working with the Subcommittee to ensure that the program addresses the needs of those it was intended to serve.

Mr. Chairman, this concludes my prepared statement.

Mr. MARTINEZ. We express our gratitude to you for your position in wanting to make this program a very successful program. But, I would like to share with you in asking you some questions, and the questions that I am asking you are sharing with you through these questions the concerns that have been expressed to us through hearings that we have had.

Right off the bat, the first one, as I outlined in my opening statement, is the proposed cuts in the title III funding. Now that is a 55-percent reduction, and I guess what comes to mind to most people is that a 55-percent cut in dislocated workers, in dislocated workers, if you look at the high unemployment rate and you look at the job loss and people blaming it on different things, imports, illegal aliens, you name it, they blame it, but it is because they are concerned over the tremendous job loss that has been suffered in this country over the last few years.

A lot of that job loss from places like Bethlehem Steel in my district closing, and all of those people being laid off. It is tragic for most of those people, because at the age they were didn't even think about retraining, because they did not feel they could be retrained. There's a lot of different reasons like that, but most of those people have not gone back to work. A lot of them took early retirement. A lot of them are just kicking around until they can get their retirement, things like that.

So when you talk about a 55-percent loss in a program that was a vital part of the total picture, you know there is going to be concern. I am wondering, does the Labor Department have any plan or means to offset this loss?

Secretary BROCK. Yes, Mr. Chairman. I think while I was not here when that budget was proposed to the Congress, I was not in my present capacity, it is my understanding that that proposal was for no reduction in actual program delivery at all, but because there was a substantial carryover of funds that the 1986 budget be reduced by an amount equivalent to at least a percentage of that carryover, so that we would not have an excess hanging over the program. But, there was no intention, as far as I know, to have any reduction in program delivery.

Mr. **Jones**. That is correct, Mr. Chairman. The service level of the people who will be served in that program will continue to go up even at that reduction because of the $185 million of carryover that are brought forward into the program.

Mr. **Martinez**. $185 million?

Mr. **Jones**. Yes, sir.

Mr. **Martinez**. That leads me to the next question I was going to ask, Mr. Secretary. How are these carryover figures derived by the Department of Labor? Is as the money is allocated to the States, do you have some way of determining what's still unspent from them? Are they in bank accounts where you can address that bank account and derive that the moneys are still there, and that's what you call carryover?

Secretary **Brock**. I should have introduced, Mr. Chairman, Robert Jones, who is the Deputy Assistant Secretary of ETA, and Tom Camarack who is the Assistant Secretary for Administration who are with me, to be responsive on some of these questions. If Mr. Jones would answer that, I would appreciate it.

Mr. **Jones**. There's two ways, Mr. Chairman, and you are essentially correct. All of the States and sponsors report to us. There are accrued expenditures and unexpended funds each year as well as we monitor treasury drawdowns that they drawdown against when they expend funds throughout the course of the year.

We take a look at both of those to see if there is a consistent pattern, and there has been in the title III program for about 2½ years that we have done that. I think that that number is probably fairly accurate, and if it is not, it is only on a minute basis. It is clearly correlated with the number of services years, number of people that have come through the program.

Mr. **Martinez**. Do you require, and correct me if I'm wrong, but as I understand it, the people that are providing the training don't get paid unless the person is placed, so if you have people undergoing training and a great number of people undergoing training, there are funds in an account, and those funds really in a way are earmarked.

They are obligated so that when they are reported to you these unexpended funds, is there a portion of that unexpended fund that is really obligated because people are engaged in contracts and people are being trained, and should that training be completed successfully, and we consider successful placement, and they are placed, and that contractor then requires that his money be paid to him for that training.

Now how much of that, and is that taken into consideration when you are determining how much actual, even though it is unexpended yet, it may be obligated, is that at all taken into consideration?

Mr. **Jones**. I think you described the process quite well. The $185 million of unexpended funds does include a significant amount, probably most of it is committed in a contract someplace, but it probably will not purchase services until several months or even in some cases, a year out over the period of time. There is no question about that.

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The accounting process, both in OBM and the CBO and in the Department, is based on what moneys are there to purchase what services, and in what time period that occurs. There is no question that a majority of it is obligated in the contracts. It may not have been obligated until the end of the year; therefore, it may not show up until well into next year.

If you would look at our purchase power, number of people we can serve in a given fiscal year or program year period, it is different than if you looked at what point the funds are obligated into a contract.

Mr. MARTINEZ. You know, when I ran my business, if I knew that I had an obligation that I had to meet, and I may have had that money in reserve and maybe put it in a high interest bearing account, I knew that at some point in time when that demand came that I was going to have to take that out and do that.

So can we really count on spending any of that money for the loss of the other money to supplant that program? Before I ask that, do you have a percentage of that $185 million that actually you would consider in some way obligated?

Mr. JONES. I don't believe we do, and I suspect if we did a survey, we would find that probably 90 percent of it is obligated.

Mr. MARTINEZ. Ninety percent is obligated.

Mr. JONES. The difference, Mr. Chairman, here, as opposed to our regular programs, most of your JTPA Program money is obligated towards the beginning of the year. Title III frequently is not. The State or local areas may not move that money until well late in the year, when a need arises, a factory shuts down or whatever happens.

So there is a different pattern there. You can depend on the fact that that money will purchase employment services for people during next year when those contracts are in existence. You clearly cannot add on top of that additional purchase power. Clearly, the number of contracts they will start next year will be less than it might have normally been. That is true.

Mr. MARTINEZ. So somewhere, there is going to be a loss.

Mr. JONES. The number of people we serve will continue to grow during 1985 and 1986, and at that point, your question becomes very important. Then you will have used the carryover funds, and you then you have to deal with that issue. Then the broad number of services you have would take a drop if you continued at that level.

Mr. MARTINEZ. So the situation is now that in order not to drop the services, you are going to continue to use the fund to make up that loss, and then at some point in time, you have to pay the piper.

Mr. JONES. Yes, sir.

Secretary BROCK. That will come in 1987, and that can only be addressed in the 1987 budget though. What we are trying to say, Mr. Chairman, is that the delivery will continue to fulfill what we perceive as the fundamental need through the fiscal 1986 year which takes us until this time next year. Between now and then, we do have to address your question more precisely in the 1987 budget.

Mr. MARTINEZ. Is that lag about a 6-month lag?

Secretary **Brock**. It is probably a little more than that actually. It could be 9 months.

Mr. **Martinez**. I want to give the other panel an opportunity. I have several questions, and at some point in time, I would like to ask you those questions. I would like to leave the record open so that any of the members can submit questions in writing to you that you might answer.

Secretary **Brock**. I would be delighted to.

Mr. **Martinez**. Then I will just ask this one question real quick, because a grave concern of mine, and I know of other people. The carryover moneys, is there any chance that those moneys would have to be refunded to the Treasury, or those moneys stay with the account?

Secretary **Brock**. No, they stay.

Mr. **Martinez**. There is no chance that they will revert?

Secretary **Brock**. Not that I know of.

Mr. **Jones**. As a matter of fact, in JTPA, Mr. Chairman, they have free access to those funds for 3 years before any issue could ever come up. They are all obligated by definition in this case. They are protected in every way.

Mr. **Martinez**. Mr. Gunderson.

Mr. **Gunderson**. Mr. Chairman, I am wondering how we want to do this. I know the Secretary has to be out of here by 9:10 which is about 60 seconds away. If you could say, even if the Secretary leaves, I think that might be helpful to us.

Mr. Secretary, there is going to be testimony later this morning that will be critical of the Job Training Partnership Act, really on two accounts. No. 1, there is a lack of Federal direction, Federal standards. As a result we have 50 hodge-podge job training acts throughout the country, and also that the only goal of the Federal Government seems to be in results and, therefore, you are going to see what we call creaming. What the local service delivery areas is they are really taking those which are the most capable of getting employment, providing them training, but the most highly displaced worker, that worker who is in most need of some type of training assistance, is really not being served by the various service delivery areas and the program.

Could you comment on those issues?

Secretary **Brock**. I would be delighted to. First of all, that's baloney. The first statement implies that there is some collective wisdom in Washington that does not exist in the communities in this country, and that is ridiculous.

The whole genius of the JTPA Program is that it is locally derived, locally governed, locally structured to respond to local needs, and that is why it has worked so much better than previous Federal programs. We are getting twice the yield, more than twice the yield that we were getting under older Federal programs, because the program is designed in the community by people who live in that community to meet community needs.

When you train somebody under JTPA for the first time, we are training for a job that exists, and therefore, we are placing 68 percent of these people, 74 percent of displaced workers in jobs. I think that is a remarkable testament to the fact that a local program, federally supported is a more effective program. Second, on the creaming question, let me just give you the numbers. Some 94 percent of the people we have served were disadvantaged; 41 percent were receiving public assistance when they were put into the program; 52 percent were females; 46 percent were minorities; 40 percent were youth; 9 percent were handicapped; and 26 percent school dropouts.

That is not creaming, Congressman. That is responding to a desperate human need, and I really worry about the constant allegation of this sort. You can make it, but you cannot prove it.

Mr. **Gunderson**. Mr. Chairman, I will submit the rest of my questions in writing so that the distinguished chairman of our full committee might have a chance. Thank you, Mr. Secretary.

Mr. **Martinez**. Thank you, Mr. Gunderson. The Chair now recognizes Chairman Hawkins.

Mr. **Hawkins**. Thank you. I, too, would like to submit a series of questions in writing to the Secretary.

However, may I briefly take this opportunity to express my appreciation to the Secretary of Labor for the wonderful cooperation which we have received from him and from his office. On another matter, Mr. Secretary, your visit to us earlier this week helped us to reach what I think is a reasonably satisfactory bipartisan solution to the problem which arose because of the Court's decision on *Garcia*. I certainly appreciated your participation in that meeting.

Secretary **Brock**. Let me repay the compliment, Mr. Chairman. You have been very helpful, and I appreciate that enormously, because it is a problem that we do need to solve.

Mr. **Hawkins**. Thank you. I was going to ask you about the criticism that JTPA is creaming. However, I think you have already answered that question to some extent but I would like to point out that there are two areas that I think justify some of the criticism.

The first relates to the fact that 58 percent of the new enrollees were high school graduates. In an area such as my own, I am dealing largely with dropouts and with persons who have not graduated from high school. This data seem to indicate that those who are being served under JTPA are not those most in need of such services. Also, the data seem to indicate that a percentage of dropouts are being served. This is particularly troublesome to me since most SDA's are not meeting the acts 40 percent youth requirement. It seems to me we need to explore some better way of seeing that that money is actually expended for those purposes for which it was intended.

Secretary **Brock**. Mr. Chairman, that is a very fair comment, and one that we would be delighted to work with you in resolving. I guess what I was reacting to was the overall charge of creaming which I resent. I think you probably can show some communities where they have been less effective in getting down to the root problem than other communities, but to charge this as an across-the-board charge, I don't think is fair. I do think that the program has been remarkably effective in reaching a constituency that has not been effectively reached by other efforts.

Where there is a possibility of improvement, we would welcome your suggestions, and welcome the opportunity to work with you to finely tune this program to more effectively direct it to that area of need.

Mr. **Hawkins**. Thank you. I accept that observation. May I just simply make one simple comment? Many of us represent areas that are suffering severely from high rates of unemployment. It is difficult for us to try to explain the unexpended funds in light of this apparent need. I believe that a good case can be made for the expansion of the Job Training Partnership Act abolishing or reducing other programs based on the assumption that JTPA is available to these other groups. But if, at the same time, we do not expand JTPA, then it puts us in a very vulnerable position of being insenstive to the problems that exist in so many areas.

I would hope that we could explore many of the suggestions contained in the National Alliance of Business letter to you, which came to us also. Perhaps, in the next few months, we can select some of those recommendations and begin to implement them.

Secretary **Brock**. We would be happy to work with you on that, Mr. Chairman.

Mr. **Martinez**. And thank you very much, Secretary Brock. I have a memo that was given to me of much of the criticism that we have heard over the years. I would like for you to see that memo personally, and they will provide it for your administrative aide so that he can get it to you. Mr. Henry had a short question, but we are going to let you go, because we are running over the time we asked you to stay. He will submit the question to you in writing. Thank you again very much.

Secretary **Brock**. Or call me. I would be happy to talk to you. Thank you very much. I appreciate your understanding.

Mr. **Martinez**. At this time, we are going to call Mayor Flynn, the mayor of Boston. Mr. Jones, why don't you stay right there, and we will call you back to continue the questioning of this panel. Mr. Flynn.

STATEMENT OF HON. RAYMOND FLYNN, MAYOR, BOSTON, MA

Mr. **Flynn**. Good morning. Good morning, Mr. Chairman, members of the subcommittee. I am Raymond Flynn, mayor of the city of Boston. I am pleased to appear before you on behalf of the U.S. Conference of Mayors, the organization of the Nation's principal cities. With me is Laura Waxman of that staff.

Let me assure you at the outset that your examination of the Job Training Partnership Act this morning is of vital interest to the mayors throughout the country. Also, at the outset, I want to commend Labor Secretary Brock for the leadership he has brought to this Department. In a very short time, he has put the Department of Labor back on a course that will move it closer to meeting its responsibilities.

Let me say that I am here to deliver a very simple message in that the Job Training Partnership Act is working for many Americans in many cities throughout the country. Because the Partnership Act is, in fact, working, so are a lot of other inner city residents. Those residents are building strong families, strong neighborhoods and strong cities for America, but the Job Training Partnership Act is reaching such a small percentage of those whose services are needed, I urge this committee to do all that it can to see that in this area the services are, in fact, expanded.

The Partnership Act in its 3 years of existence has set the table for public/private cooperation for the creation of new jobs. Our job now is to put the meat and potatoes on the table. I think Boston is a classic example of how the Partnership Act has worked successfully.

We should all understand that this is not a block grant to the States. Rather, it is a Federal program design to respond to a national problem. The Department of Labor must exercise its full responsibility of oversight and technical assistance as mandated in the law to be sure that the Job Training Partnership Act is actually doing what it is supposed to be doing.

Job Training Partnership Act substate allocation formula clearly warrants close study at this time. The current allocation formula does not reflect the population eligible to seek services from this program. It takes into account unemployment rates, not the actual number of unemployed people who need services, and since unemployment is not a requirement for eligibility, a more sensible formula would be one which gives more weight to poverty rates.

In this respect, the summer jobs formula is also totally inappropriate. What has the JTPA use of this formula produced? We believe the formula contributes to the potential for year-to-year fluctuation of funding levels at the local level. This detracts from our ability to plan and manage programs. Indeed, some funds are being allocated to areas that do not have the capacity to spend them, and this creates a false impression that JTPA has more money that it actually needs.

Meanwhile, other areas, often urban areas, are turning needy applicants away. Based on the recommendations from the cities across the Nation, the Conference of Mayors had adopted a policy calling for changes in the JTPA allocation formula as it affects both the regular training program and the Summer Jobs Youth Employment Program. A copy of our policy resolution has been submitted for the record.

We should understand from our years of experience with the Comprehensive Employment and Training Act that the current program should be allowed to work without a lot of amendments. Still glaring errors such as the current allocation formula must be corrected. They will only get worse with time.

It is important to understand that the allocation formula problem is compounded by the low level of funding available for the act. Across the Nation, the program can serve only 4 to 5 percent of those eligible for and in need of its services. In Boston, with the $6.7 million we received last year, we served approximately 5,000 youth and adults. This is all very good, but it is clearly not enough.

We calculate that about 100,000 individuals are eligible for JTPA programs in Boston. Related to this area are the summer jobs cuts being made in the Senate. Because of the inappropriate allocation formula for the Summer Jobs Program, the congressional appropriations process has been called upon to correct the imbalances that have occurred.

For the past two summers, Senate and House Appropriations Committees have had to target $100 million in additional funds to areas adversely affected by the formula. This past summer, Boston received an additional $628,000 out of these targeted funds in order to maintain service levels for the city's less fortunate youth. For next summer, the Senate committee would not provide the additional money for targeting areas of need. The Conference of Mayors has completed data which is available to show what this loss would mean to many cities who are depending on the additional funds.

Next summer, Newark would lose 56 percent of its funds, Pittsburgh 46 percent, Little Rock, AR 43 percent, Chicago 42 percent and Baltimore 42 percent. My own city of Boston would lose 22 percent. Data for a total of 35 cities is attached to my statement and submitted to you for the record.

The Conference of Mayors is supporting Senator Dixon's amendment to be offered on the Senate floor to restore the loss which would be keenly felt in our urban areas. In closing, I call upon this good committee to keep in mind that JTPA is only a training program. It should not exist in a vacuum. Our national leadership should be looking for a comprehensive strategy to put all Americans who want to work into jobs. There is a large group of people in need who are being missed by the current JTPA Program.

Unfortunately, when a program creams the best applicants for training, it leaves a group with serious problems and different needs. We must look for ways to service this group. There are barriers within the JTPA that make linkages with economic development and other human service programs very difficult to achieve. The partnership spirit to build strong cities is in place, but the barriers 'to strong partnerships must be eliminated. As always, the Conference of Mayors stands ready to work with you on the changes needed to make JTPA work for all of us. Thank you very much, Mr. Chairman and members of the committee.

Mr. MARTINEZ. Thank you, Mayor Flynn. There is something you touched just generally on in the general way of the overall program in your testimony, but I would like to ask you specifically. You heard the question I asked the Secretary in regards to the 55 percent loss of funds to title III, and you heard his response that he believes they can continue to provide level of service.

I imagine in Boston, or especially Massachusetts, like anyplace else, there has been a great number of dislocated workers. Would you express what your feelings are about that?

Mr. FLYNN. The city of Boston, like many cities, has already gone through most of its post-industrial changes and factory closings. Congressman Atkins can tell you one recently down in Congressman Donnely's district down in Quincy where the shipyard recently closed. Also, in Congressman O'Neil's area in Charlestown, we had a candy factory and a sugar refinery that was recently closed, but because of the leadership of this Congress, we are able to direct programs to assist those dislocated workers.

So we are talking about three major firms and industries that were lost in the Commonwealth of Massachusetts, in the Boston area, in a short period of time. So any efforts to reduce funding in the programs by the amount proposed by the House and Senate Appropriations Committees means that many people in need will not be helped.

You know, it is very interesting. We have a very strong and healthy and thriving economy, but yet at the same time, we are really only affecting a small percentage of people who actually need the benefits. So I would say that a center for dislocated workers at these particular facilities does provide assistance to many Bostonians and many people in cities who have lost their job. So I am hoping, and by the way, the retraining of these people has reintegrated them into another work force, into other jobs, so it has kept the economy strong, and that is why this loss would be fatal, I think, to many dislocated workers.

Mr. MARTINEZ. Thank you. The mayor has to catch a plane, so I am going to ask the members to stick to a 5-minute rule on questioning. At this time, the Chair recognizes Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank you, Mayor, for your appearance here today. I would like to focus on an issue that was not mentioned when the Secretary was here, and that is to what degree and to what limits the Job Training Partnership ought to involve itself.

How do you deal in Boston with the problem of basic education and literacy for the chronically unemployed? Do you include, for example, literacy skills, reading skills in your Job Training Partnership Act? Do you think it should be there, and it isn't there? How do you deal with this issue?

It seems to me our full committee has held a number of hearings on the whole issue of literacy and the problems with literacy with a high-technology society. Somehow we've got to deal with this. Some suggest JTPA ought to be the area. I'm not sure I agree with that, but I would be interested in your comments.

Mr. FLYNN. We have a very aggressive literacy program in our city. It's run by the community schools which are open after the regular school hours. Interestingly enough, it is part of the JTPA, and more interesting than that, as far as I'm concerned, last year, during the Presidential campaign, Mrs. Bush, as you know, is very active in this area. When Mrs. Bush was looking for an area of the country to go as an example of how the literacy program is working very well, and how the JTPA in that regard is working very well, she chose to come to the city of Boston to make a national comment about it.

So I think it's a program again that is working extraordinarily well. The problem, however, Congressman, is that it is reaching a small number of people relatively speaking, and if it were expanded to include the people that are eligible for that program, you know, it makes a lot of good economic sense to me.

Boston, if you are familiar with some of the cities in the country have, in fact, lost populations over the last 15-20 years. Boston's population in the last 2 years is now starting to steadily climb, and the reason for it is the high technology and the major institutions in our city, the Harvard's, the MIT's, the Boston College, and so forth, and with that, it's bringing a lot of new people into our city, but it is also bringing a lot of new immigrants into our city.

What we have to do is we have to educate our young kids and train people, particularly these new immigrants, Asian Americans, Hispanic population. The literacy program really targets that and makes a significant appreciable impact in integrating them into becoming productive citizens into the work force. So I can tell you that we are also doing a lot of things in terms of working with the business community, the model public/private partnership in housing and in the area of jobs.

I have a copy here of the Jobs for Boston Residents Program which means that 50 percent of all new jobs that are created in Boston go to Boston residents, a major portion to the minority women, and so the training for that is, in fact, in large degree very, very important, and the literacy program is a major component of that training program.

Mr. **Gunderson**. Thank you.

Mr. **Flynn**. Thank you, Congressman.

Mr. **Martinez**. Thank you, Mr. Gunderson. The Chair recognizes Chairman Hawkins.

Mr. **Hawkins**. May I yield my time to next person in line on this side.

Mr. **Martinez**. Mr. Jeffords.

Mr. **Jeffords**. Thank you, Mr. Chairman. Mr. Mayor, it is a pleasure to have you here, very fine testimony.

Mr. **Flynn**. Thank you.

Mr. **Jeffords**. When we put together the Job Training Partnership Act, we were concerned about some of the problems you are talking about, that is being have to have some stability and to be able to plan. At best, we ended up with a 2-year planning cycle. I am concerned, as you are, about the problems of funding being consistent for that period of time so that you get some very substantial shifts in the amount of money available within the suballocations.

I wonder if you did, or perhaps you did before I got here, gave the solution to that problem. What can we do, do you think, so solve that problem? Should we at least give notice, at least a 2-year period or some other way?

When you have limited resources, obviously you ought to shift those resources where the needs are. On the other hand, if you have radical shifts in funding, it creates a lot of waste of effort and problems for those trying to implement, so I'm wondering if you have any thoughts or suggestions in how we ought to change the law to accommodate that problem.

Mr. **Flynn**. Congressman, that is a good question. The U.S. Conference of Mayors is very concerned about that very issue, and they adopted a resolution which I would like to make available to you, and I would just like to read part of it. It says: Be it further resolved that the U.S. Conference of Mayors calls on the Congress and the Appropriations Committees to amend the JTPA allocation formula for the regular training program so that more weight is given to the economically disadvantaged factor, less weight is given to the unemployer persons factor, and the artificial unemployment rate triggers are eliminated as factors.

I guess the real problem is that there is not the degree of predictability, and it is very difficult, for example, knowing the large number of jobs that are being developed in Boston or other major American cities, I notice that Newark, even though they stand to lose a significant amount of money, I think I was just looking in the New York Times this past week. They are embarked in a major development program as Boston is.

The question is whether or not we are going to be able to get the people in that area to be trained for those particular jobs. It is very difficult, unless there is some predictability in the level of funding for this program. So we support a 2-year cycle, funding cycle, rather than every year, representing our point of view, and not really knowing what we are ultimately going to leave Washington with in terms of specific programs.

So I guess the short answer to your question is that we are looking for predictability, a 2-year funding cycle.

Mr. **Jeffords**. Thank you very much.

Mr. **Flynn**. Thank you.

Mr. **Martinez**. Thank you, Mr. Jeffords. At this time, the Chair recognizes Mr. Atkins.

Mr. **Atkins**. Thank you. Mr. Chairman, first I would like to thank Mayor Flynn for his appearance here before the committee. As a colleague in the State legislature where we started together some 14 years ago, I know you have had, mayor, a strong and continuing interest in employment problems, particularly in youth employment. I think the city of Boston runs one of the truly excellent programs.

As evidenced by the number of Republican candidates last year coming in, it takes an awful lot to get them in to campaign in Boston, and they were coming in on those programs which I think was the proof of the excellence.

What I am wondering about, Mayor, is your programs, your major efforts last summer in summer youth employment, how many teenagers were you unable to serve with that program? What was the unmet demand that you had?

Mr. **Flynn**. Well, our congressional leadership was very, very helpful to us in the emergency eleventh hour appropriation along with other cities. But, what we did was, I think we put together 4,000 youngsters in Boston that we were able to get through the business community, ABCD program also was able to employ an additional 2,000 or 3,000 youngsters as well, but, again, in our partnership with the business community in the Boston Summer Jobs Program was also very successful. The point was we still had to turn away a significant number of young people.

Mr. **Atkins**. Do you have a sense as to what that number was?

Mr. **Flynn**. At one time, the figure that comes to my mind is something in the area of 10,000 young people we were actually looking for. We could have filled slots for 10,000 young kids.

Mr. **Atkins**. 10,000 people who were looking for employment in the city of Boston who were not able to find it, and that represented what percent of the total number that you were able to serve?

Mr. **Flynn**. We probably were able to serve somewhat in the neighborhood of 6,000, probably total of 16,000 kids looking for summer work. We were probably able to serve 6,000, get summer employment. Now, we did it on the basis of extreme need based on economic guidelines, but those were the extraordinary poor. There were still a lot of kids that weren't able to be given those job opportunities, because the jobs just were not there. We had a number of specific earmarked programs that could have been very productive for them during the summer.

Mr. **Atkins**. One of the concerns that I have is there seems to be a vicious cycle going on, particularly in the funding for title II-B for the Youth Summer Employment Programs, and that is the money gets appropriated very late, and really the focus on that problem of youth summer unemployment happens in the late spring. So, for instance, in 1983, the summer of 1983, there was $100 million supplemental, but the money wasn't available to you until August 1 which makes it somewhat difficult to plan and to put people to work.

Then last year, you had in February, you were informed that you were going to have $664 million to divide up for that program. The administration put in a recision for $100 million. That failed, and then on April 24, the administration notified the States as to the amount of money they would have, and the cities did not get that, for the most part, I think, until maybe late May, is that a correct figure?

Mr. Flynn. That is exactly correct.

Mr. Atkins. And unfortunately for State funds, it isn't just that the Federal Government has this problem. The State functions in somewhat the same fashion, and it would seem as though we are headed for a similar situation. As you had mentioned earlier, the House has passed $824 million for summer employment. The Senate has a recommended figure of $664 million, and Senator Dixon has an amendment to increase that by $100 million, but we still face the same problem in terms of you not knowing the program and what you will have available to spend until well after the time that you can spend it which leads then to unexpended funds.

I guess the administration is estimating $114 million from last year that was unexpended. You heard Secretary Brock earlier. I think he has done an excellent job in indicating the commitment for the first time in the Department to these programs, but he comes before us and says we can cut these programs back somewhat without seeing real reductions, because we have a carry forward on those funds.

Mr. Hawkins. Mr. Chairman, may I yield my 5 minutes to the gentleman from Massachusetts, Mr. Atkins.

Mr. Martinez. You have an additional 5 minutes.

Mr. Atkins. I thank the gentleman.

Mr. Flynn. That's exactly accurate, Congressman. While the additional money, the some odd $114 million, was sorely needed, especially in our cities, the system did not allow us adequate time to plan for the use of the funds, and much of it was carried over into the 1985 summer program. This is the 1984. Laura Waxman from the U.S. Conference of Mayors just briefly has some numbers that you might be interested in in dealing with that specific question in terms of other cities.

Mr. Martinez. Before he gets into that, I would like to ask you, Mayor, you have to catch a 10:15 plane?

Mr. Flynn. Yes.

Mr. Martinez. We are going to have to let you out of here in just a few minutes.

Mr. Flynn. Thank you, Congressman.

Mr. Hayes. Would the gentleman yield? I'd like to, Mr. Chairman, yield my time to my colleague from Massachusetts.

Mr. Atkins. Thank you, gentlemen, I will be very brief. Do you have a Washington or a Boston driver to get you to the airport?

Mr. **Flynn**. Boston, so I will get there in one piece.

Mr. **Atkins**. And probably about 5 minutes early, even with my question. Just one brief question, and that is one of the things that has happened in Massachusetts, and it has been rather remarkable, and I think in large measure, thanks to your efforts with the private sector, that we have seen a significant decline in teen unemployment from a level in 1983 of 17.4 percent to a 1984 figure of 9.6 percent which is the lowest level in Massachusetts since 1970. Those are new figures, and you maybe have not seen them yet, but the problem is, I think, in many ways the lower the level of teen unemployment, the greater the demand for jobs, the more successful those employment programs can be in placing people and getting people on track for a full-time job.

In many ways, Boston winds up getting punished for its own success. Even though you have tremendous problems of people who are not counted in the unemployment figures, you won't be able to serve those people under the present formulas. I would just like to associate myself with your remarks in terms of stabilizing that formula and focusing more on poverty levels rather than unemployment.

Mr. **Flynn**. Congressman, let me just add, and you would be very familiar with this, and maybe the rest of the committee would be interested in it as well, and I know Congressman Hawkins has been a national leader in this regard. Boston has had, the last two summers, Boston had two of its most peaceful summers in 14 to 15 years that I am aware of, and many of the problems of the past are, in fact, evaporating.

One of the reasons for it is that there is a very aggressive program in the city of Boston working with the private sector putting kids to work, getting them off the streets so they are not hanging around street corners all night long and getting into trouble. So, you know, you give people economic opportunities, and a lot of the social problems that cities like Boston, Newark, New York, Chicago face go away. So the real secret is getting people integrated into the economic opportunities, and the Job Training Partnership Act is a program that is successful, that works for disadvantaged people, for people who have been left behind, and I would just urge this committee, as it has in the past, to be mindful of how successful the program is, how it is working, and how it should be supported. Thank you.

Mr. **Atkins**. Thank you.

Mr. **Martinez**. Thank you very much, Mayor Flynn, and if you get out of here right now, I am sure you can catch your plane.

Mr. **Flynn**. Thank you very much.

Mr. **Martinez**. At this time, we would like to call Mr. Bob Jones back, and I think there was someone else with you. Tom, I did not catch your last time.

Mr. **Camarack**. Mr. Chairman, my name is Tom Camarack. I am the Assistant Secretary, Administration and Management, Department of Labor.

Mr. **Martinez**. Mr. Jones, did you have a statement that you wanted to make?

Mr. **Jones**. No, sir, we will just continue with the questions.

Mr. MARTINEZ. There was a question that I had wanted to ask Secretary Brock. You would be able to answer just as well as he, I imagine, and that is regarding the data and the collection of data and the followup, and especially the followup on the placement.

It is becoming evident that even though we have this placement requirement before the contractor gets paid, that in many cases, I don't know what you would term it, anxiousness to get the money provided, they place these people in jobs, but the people may not stay on the job for more than a couple of months, you know, and they consider that a successful placement.

Now, I do not consider it a successful placement. I would consider a successful placement something that a person was placed on the job for at least a year, because if he is there that long, he is usually going to go on to a job with a higher pay from the experience he has gained from being on that first job, et cetera, et cetera.

What we need to have is some measure of that. Is the department doing anything about trying to determine that quotient of this whole success factor?

Mr. JONES. Yes, Mr. Chairman, there are two things that are important to that subject. No. 1 is both under the former CETA Program, the formal studies that were conducted and now under JTPA that are designed to track participants of these programs, are designed to look precisely at that question, not only how long they stay, but what their wage earning experience is over a period of time, to determine whether or not, in fact, this is a net benefit into these people's lives in general.

More specifically in JTPA now, the question that has been raised, both when the legislation was produced by this committee, but over the last year or two, is whether or not such a requirement of tracking placements for some longer period of time, can, in fact, be added into the program requirements at the local level, not only State, but down at city and county and SDA level, to determine whether or not we can track for some period of time, whether it be 6 months, a year, whatever else.

The Department has formal advisory committees that are established, and the performance standards system that have made recommendations. We are working now with all of the various interest groups across the country to determine exactly when and how such a requirement can be put in place.

It is a very desirable goal. It is also expensive and a difficult system to put in place, and those are the judgments that will be made now. We will have that completed sometime here in the fall. The committee will be informed of it, and involved in it, and then finally the decisions will be published in January.

Mr. MARTINEZ. That's very good. That's very heartening. We understand that the job training longitudinal survey is being implemented. Can you tell me the extent and the necessity for that system?

Mr. JONES. There are two portions to it, Mr. Chairman. One is what we call the short-term turnaround which provides us an ongoing insight into the actual program development during the course of the year.

We send the copies of those reports to this committee and the other committees that are involved. We use it as an assessment for the implementation and operation of the program. The second portion is, in fact, what I just referred to, the long-term tracking of individual participants that are in the program against formal control groups to determine whether or not the services we are providing significantly upgrade the life circumstances of the people that are here by virtue of being in training or on-the-job training on a long-term basis, both in terms of employment status and wage-earning capacity over a period of time.

Those types of things are clearly expensive and clearly difficult to do, but the Congress and the administration both continue to look at these programs to insure that there is a positive impact on people and that we are not simply cycling them through the system.

Mr. MARTINEZ. We understand that you asked the Department, the OMB for more intensive data requirements, and I think we understand why you asked it, but you might expound on that, and then we understand further that they did refuse your request, and we would like for you to expound on what you feel the reasons were they refused it.

Mr. JONES. Well, I think that any time you put together a program of this magnitude and size across the country in an attempt to be concerned bout the fiscal accountability and about the kinds of questions you are asking today in terms of people and what is happening to them, you put in place a major data management system.

That becomes burdensome and expensive to local governments, local programs, and the debate at the beginning of JTPA 2 years ago was a very careful scrutiny of what we had done under CETA and whether each of these data items were really important or whether we could get by by just having it kept at the State or local level, but not necessarily reported.

The long-term outcome of that discussion was to limit our formal reporting to a once-a-year system with only a minimum of data elements in it. We now have 1½, 2 years of experience under that system. I think probably this committee and the Department, OMB and everyone will be looking forward to some reassessments of those kinds of requirements, those data items and some determination as to whether or not changes ought to be made.

Clearly, an attempt was made when we went to JTPA to minimize the reporting burden that had been established or grown over 7 or 8 years of the CETA system.

Mr. MARTINEZ. In implementing the quick turnaround data collection system, bearing on what you just said about the expense, how is this working, and wouldn't it be quicker, as the OMB feels, and cheaper to collect that directly from the States, since they already collect the data?

Mr. JONES. Well, that is one of the lessons that we have to take a look at. In fact, are all those things already collected, and would it be cheaper. The JTLS is a sample system so you clearly do it with less units and less requirements, but, in fact, in some of those items, it may be quicker, and it may be cheaper. But, at the time, we didn't know that, and I'm sure as we go through an analysis and look at it, there would be some changes proposed.

I think at the same time though it's very important for us not to make the assumption that simply because local systems maintain certain data requirements that by reporting it, and incurring the costs nationally of 596 units and several hundred thousand subcontractors reporting it, that in each case, we need everyone of those data items all the time, and that's the burden we must test against, I think, consistently.

Mr. Martinez. Would there be difficulty in evaluating it, because of the lack of uniformity in it, which leads me to my next question. Many have criticized, and we have heard it over a considerable number of hearings, the uniformity of the data collection, that JTPA collects from the States, and part of the criticism is centered on the definition of economically disadvantaged.

What is the Department doing to try to guide the States in making their data information uniform so that you can have an easier way of processing it and evaluating it?

Mr. Jones. Well, No. 1, we are not at the moment engaged in any direct guidance on that particular issue. The definition of economically disadvantaged, Mr. Chairman, is consistent. Where the option is for States is on the definition of income and family, and there, we try and fit in with whatever the State definitions are and, as you know, a broad number of other programs.

The same criticism, only the converse, was made back in CETA where we had strict and structured definitions, but which frequently didn't fit into local needs and local programs. So I suppose there is a little truth on both sides of that issue. I don't know that in the end, it will distort our ability to determine the success or failure of the program. I don't believe there is that much variance in the definition of the income levels or family membership.

I think you are going to find they are fairly consistent. The national tables for income determination are put out every year. I don't really believe that it will have that much distortion.

Mr. Martinez. Let me ask you one other question then, and I'll turn to the rest of the committee. You heard the mayor talk about the need for the 2-year funding cycle. Right now, two-thirds of the funding is based on the unemployment rate and one-third on the socially disadvantaged.

I guess indications in the testimony were that we should go more the route of the socially disadvantaged. Give me your thoughts on that.

Mr. Jones. Well, I think the issue is not which item you use. It's not a question of unemployment versus poverty figures. The problem that the mayor speaks to, and I would suggest that his description is really quite accurate in this case, the formulas as structured in JPTA do have some aberrations in them that have caused a significant shift year to year in local funding. The primary reason for that is that States are held harmless from year to year at a certain level, but below that, they are not.

So in a given State where we have both what we call an area of substantial unemployment, a 6½-percent cutoff as one piece in the formula, and another part of the formula is a 4-percent cutoff. If a number of areas where to drop below those levels, and you only had two or three left in the State, the same amount of money is coming into the State, and is concentrated in those areas. The others may reduce their funding by 30, 40, and we found in some cases 50 percent.

You can solve that, I suspect, by a number of different ways. The Department has a formal study underway right now of formulas and data structures to try and work with the committee down the road in recommending some different solutions to that.

We would not suggest that we jump, as some have said, to strictly putting a hold in at the local level. That would certainly solve the problem on a short-term basis, but would probably provide some long-term distortions. Clearly, the difference right now in the way that formula works at those two levels is causing or can cause a significant distortion.

Mr. MARTINEZ. Can a committee have some input into that study?

Mr. JONES. Oh, yes, sir, the committee—in fact, the formula was largely constructed in the first place by the committee, and the study that we have when it's completed will be turned over to the committee. We will expose that very greatly.

There is a lot of history behind the elements that are in the formula, both in titles II-A and II-B going clear back into the CETA days. I think that we will clearly join together in how that best can be determined.

Mr. MARTINEZ. Thank you. Mr. Hawkins.

Mr. HAWKINS. Mr. Jones, during the oversight hearings of this subcommittee, we received voluminous testimony from many individuals and many operators of programs in the field who felt that the Labor Department had taken too much of a hands-off approach and they were not receiving needed technical assistance.

I do recall in one of the hearings in Los Angeles County that the county was depending primarily on the State for technical assistance. I think in some instances that the State had ill-advised the county, but that's a matter of opinion. I would like to know to what extent has that problem been corrected or to what extent now are you making that a serious concern of the Department.

Mr. JONES. Mr. Chairman, there can be no mistaking the fact that as JTPA came on line, the Department made a very distinct and overt decision to allow State and local decisionmaking processes to go into place with as little intervention as possible.

That was a decision largely built out of our experiences of many years in the CETA system where, as you well know in front of this committee, the Department was very well criticized for too much intervention, too much changing of the rules, too much guidance in areas probably where the Secretary pointed out this morning, we probably aren't the experts to provide guidance.

We did find a history where frequently our efforts to step in and help turned into program distortions rather than assistance. Whether or not that's an appropriate policy to continue on a blind ongoing basis is a very valid question.

We are now taking, as we get into the second year of this system, a very good look at what role effectively the national and Federal system can perform. We want to be careful about that. We don't want to create more problems or confusion, but if there is a specific effective role that the Federal Government can play by way of technical assistance particularly, we are in the midst of some discussions with the various interest groups and the various people around the country, and I would suspect that we would be talking to you about some changes in that role. But, we will continue to be on tremendous guard about providing technical and specific answers to every issue that comes up in the fear that we sometimes create more problems than we solve.

Mr. **Hawkins**. Let it be clear that is not what they were seeking. Many SDA's are afraid that the lack of technical assistance may lead to trouble when you begin to audit their accounts.

Because of this fear, they are reluctant to move ahead in some instances. I think it is important to distinguish between intervention on the one hand and sound technical assistance on the other. I believe that what I am suggesting needs to be explored further because it is perceived to be a problem and one about which we heard many complaints.

Mr. **Jones**. I think that particular issue, Mr. Chairman, is indeed a very important one, and that any State and local government that is engaged in administering this program and trying to serve youth and disadvantaged people and do so in a proper and clean way has an absolute right to look to their partner to assure that they can do so without fear of later oversight. We intend to work on that issue in any way possible to maximize their creativity.

Mr. **Hawkins**. I would like to make one final comment. It was pointed out to the committee that because the new structure of JTPA with greater role for the States, many States were not familiar with the operation of the program as cities and local communities had been. For that reason, they believed that the State's advice was not as adequate as they thought the Federal Government could provide. But, since you are exploring this area, I would certainly advise you to be diligent.

Mr. **Jones**. Yes, sir.

Mr. **Martinez**. Thank you, Mr. Hawkins. Mr. Atkins.

Mr. **Atkins**. I yield my time.

Mr. **Martinez**. Mr. Hayes.

Mr. **Hayes**. Thank you, Mr. Chairman. I don't want to be repetitive, but I am a little bit hazy as to what the position of the Department is. As we undoubtedly will hear other testify, the Department should collect followup data after placement. I think you dealt a little bit with this problem, so I won't ask you to repeat, but can you tell me whether the Department intends to do anything to define placement in the long term, or will you only look at the short-term placement? Now a person can be placed for 1 day and still be defined as having been placed, you know.

Mr. **Jones**. Yes, Mr. Hayes, as I indicated, we are formally now in the midst of examining a proposal that our advisory groups have put forward that would structure some definitions and some standards for longer term placement definitions, and we're examining exactly what their impact would be and how they would be implemented and tracked. That decision will be made here in the early fall, and we'll be back consulting with the committee on it at that time.

Mr. **Hayes**. Now there is one other question that bothers me. You have heard some testimony from the mayor of Boston in reference to the confidence of mayors in their position on restoration of funds that they stand to lose.

Being from Chicago, I understand that we will lose about 42 percent of the funds next year based on allotment. Now we are in discussion trying to compare in my district in Chicago the JTPA Program versus CETA. I have the feeling that we're worse off on the JTPA than we were on the CETA.

It appears, and I am characterizing it as I see it, that a JTPA, as it applies to my particular district, which represents a good portion of the southside of the city of Chicago, which is 92 percent black, unemployment among our black youth there is better than 50 percent, so the job training program is tantamount to applying a bandaid to resetting a broken leg, so to speak, when you think of the numbers that actually complete the program of training.

Now, I look at the description of the term "labor market area." It means, as I read the description, economically integrated geographical area within which individuals can reside and find employment. This is next to impossible within that area, because there are few existing jobs.

Within a reasonable distance, they say, and can readily change employment without changing their place of residence. There is no danger of black youth changing their place of residence in the first place, because there is nowhere else to go. They are sort of boxed into that kind of area.

Such areas shall be identified in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor. Can you explain to me how we can solve what is a growing problem? It's not even remaining constant. The unemployment problem is constantly growing in that area. How do we find a solution to that problem under the current program that's outlined by JTPA, even a partial solution to it?

Mr. JONES. Congressman, the Secretary in his statement this morning referred that one of the prime issues under JTPA is its cooperative merger with vocational education, economic development, and some other programs that are available. There can be no question that this program has its greatest difficulty in working in high rural areas or nonindustrial areas where there are not other immediate job opportunities, and this program by itself in those circumstances, probably will not achieve full equity in the labor market in that circumstance, and must, in fact, be used as only one tool along with other things that deal with the job and supply and demand side of the marketplace.

We can provide training. We can provide job search, in some cases relocation, but that is not an answer on any long-term basis, but it can only be effective if it's coupled with some other programs to deal directly with that kind of an issue. It's one of our most difficult concerns, is to not train people for opportunities that don't exist, but to in effect move them directly into jobs that do exist and in that kind of an area, there can be no question that's one of our most difficult issues.

Mr. HAYES. You are conscious of the fact that most of the opportunities are for placement in the suburbs of the city of Chicago rather than in the city itself. Hence, most of the training programs and opportunities for training are in the suburbs rather than in the inner city.

Thank you, Mr. Jones.

Mr. MARTINEZ. Thank you, Mr. Hayes. Just one last quick question. Mr. Hayes or Mr. Hawkins raised the question, but I don't think you really answered it, and it was one of the concerns of why the local areas get into so much paperwork more than under CETA is because they are worried about the auditing. Are you going to develop any auditing guidelines so that they know what—see, they are all worried that they are going to expend money, and then later they're going to be held accountable for them, and under the auditing guidelines, those expenditures wouldn't have been legitimate.

Mr. JONES. It's a very frustrating problem, Mr. Chairman. Frequently in the past, when we engaged in developing audit guidelines, we created more regulation and paperwork problems than we solved. Currently the audits for all State and local governments that will be conducted here are defined by attachment P of the OMB circulars, their standard system. That is what will be utilized for the audit. There is no question. I think your statement is correct, that locally the lower we go in the system, people tend to protect themselves in every way possible by paperwork mills or systems or requirements from a fear of an audit down the road.

It's an issue that concerns us. We will deal with it, but I am not convinced at this juncture that specific audit guidelines may be the answer. We are probably right now in the process of the first round of audits in the system, and I think the experience that results from that will be the most important part of the answer to that.

There is a significant difference here. The audits in the JTPA system are managed, conducted, and resolved at the State level, not the Federal level, and that probably will have a significant impact on it. Also, I do believe that there is some value in the lack of definition and intervention that we've placed in the system, in providing much more flexibility for resolving those audit issues.

But, we should not be operating a system, Mr. Chairman, that is audit focused as opposed to program focused, and that is an issue that the Department needs to deal with in conjunction with the committee.

Mr. MARTINEZ. There has got to be some way of dealing with it, because even, as you just stated, that's policy after. When you get policy after, it doesn't alleviate the fears.

Mr. JONES. And it does tend to stifle creativity. There can be no question about that.

Mr. MARTINEZ. Very well. We'll hopefully be able to do something about that, and relieve these people of some of their fears. Thank you very much, Mr. Jones, and thanks to the Secretary again for all your help.

Mr. JONES. Thank you, sir.

Mr. MARTINEZ. At this time, the Chair would like to call Gary Orfield, professor of public administration from the University of Chicago.

Mr. Orfield, we have your testimony in full. It will be submitted for the record. We would like to ask you at this time to summarize your testimony.

STATEMENT OF GARY ORFIELD, PROFESSOR, PUBLIC ADMINISTRATION, UNIVERSITY OF CHICAGO

Mr. **Orfield.** I would be glad to. It is an honor to be here before the committee as its oversight hearings begin and present the results of the work of the last year of 26 researchers at the University of Chicago, several of whom are here today, including the associate director, Helen Slesser, who is next to me.

We have been studying the JTPA system across the State of Illinois and from all levels, from the State policy level to the local level to the service provider level. We have actually been out talking to service delivery administrators, to people who are running these programs, and we have been analyzing a great deal of data. We have great many tables and summaries of what is happening for you in our report which we will deliver a version cleaned up of all the computer glitches within the next week.

We believe that we actually know what is happening in many different kinds of communities that represent communities across the country from the richest suburbs to smaller prosperous cities to smaller cities that are in economic dispair to the central city of Chicago, one of the great cities of the country.

Before I get into some of the problems that we discovered in this program, I think it is important to put on the record that we think that the JTPA law performed a very important function in keeping the job training system alive in a time of tremendous economic need in the State of Illinois and many other States that are going through deindustrialization process.

We feel that the law itself has many capabilities of addressing a number of the problems that we will address. We feel that there has been a very serious abdication of leadership by the Department of Labor and that the complexity of the law has been reduced to a very few principles, and that those principles dominate the entire job training system at this point in time. It is not a local- and State-run system. It is a system that is run by placement standards and cost figures, and those are distorting and producing many of the results that we found around Illinois.

We believe there are many parts of the act that call for quite different standards and that are much more oriented toward real return on investment and long-term success, and we urge the Congress and the Labor Department to pay attention to those.

I want to just summarize some of our findings from the analysis, and then to answer any questions you may have. The first thing we found was that there has just been an enormous shrinkage of training resources in all parts of Illinois, that if we compared between the late 1970's and the initiation of JTPA, there was a shrinkage in real dollars on the order of 70 percent going into job training at the national level, and an even larger shrinkage in real dollars going to Illinois.

When you look at it in dollars per person, unemployed, the shrinkage was on the order of 80 percent. So there has been a tremendous decline in the capacity to do anything in terms of providing training in an economy where there are more and more people who are not just unemployed, but severely and persistently unemployed, and in large areas where there is a very critical unemployment and tremendous loss of employment opportunities.

A second thing we found by comparing the last 10 years is that this shrinkage of resources paralleled the shrinkage of actual training opportunities and that we are able to reach now a much smaller faction of the unemployed population than we could during the years that CETA was well funded.

At its peak, the Federal training system could reach about 30 percent of the unemployed people in Illinois in some way in a given year. Now, it is about 10 percent, and many of them are reached in a very, very brief and superficial manner. So those are basic constraints on the entire system.

We found that in passing the law, Congress and many advocates of the law believed that the States would provide decisive leadership under this program. We did an intensive study of what the State had actually done. Our State is a State that is widely admired for what it has done, and was given an award recently by one of the national organizations. But, we found a very disappointing record. We found that this fear of audits, for example, had obsessed the State administrators and produced an absolute tidal wave of paperwork that was complained of throughout the system. There is much more redtape now than there was under CETA at the level of providing service and getting into the system.

We think that the Federal Government owes the States a very clear description of what they have to do and what they might be audited on so that this kind of extremely counterproductive and costly and inflexible reaction does not have to take place.

Almost all of the States' energies for finding out information about what was happening were devoted to this problem for the first 2 years of the program. We found that the State approved the fragmentation of the Chicago labor market further, even beyond the level of CETA by separating the part of Cook County, the Cook County suburbs that has jobs, from the part that has severe unemployment, and the part that has severe unemployment is overenrolling and overexpending JTPA funds. The part that has jobs is only spending about half of them.

You cannot find eligible people, because those people are not able to live in those affluent suburbs. We found that the distribution formula was unworkable in Illinois, because every place is above the thresholds for unemployment so it didn't separate those places that had critical unemployment from those places that didn't.

The net result was what we thought was an inappropriate focus of funding on places that were affluent and literally couldn't spend the money and the critical underfunding of number of areas in the State that have extraordinarily severe and persistent unemployment.

Our study of program participation shows that there is creaming throughout the system. In fact, almost everyone who operates in the system concedes it, from the State director to the people who run service delivery areas to the people who run job training offices where they actually deal with clients.

Most of the SDA's have some kind of screening process at intake. One of them even has a high school graduation requirement, and many of the service providers do a second level of screening before people are allowed into programs. They don't do that, because they don't want to serve hard to serve people. They do it because they have to meet the placement standards and the cost standards. Those standards are driving service providers not to serve people who have serious job training needs and rewarding them for training people who don't have serious job training needs.

We found a significant shift in the composition of training in the State, particularly along the level of education. In the last year, 75 percent of the people who were in the title II programs and 85 percent of the people who were in the title III programs in Illinois had high school degrees or more. A number of them had college.

This was a very large shift from the previous operations of CETA, about twice as low a level of high school dropouts in the system. We think that this is a very, very critical problem, and it's a result of the costs and the placement standards.

We found that there were serious issues of equal opportunity at every level in the training system in terms of the initial input. Disadvantaged groups were less likely to get through from the original contact with the JTPA office into the enrollment process. Within the enrollment process, they were likely to be assigned to less desirable training programs. For example, on-the-job training was twice as frequently offered to men as to women. It was less frequently offered to blacks than to whites.

We found a very serious decline in total enrollment in the JTPA system by Hispanics in the State of Illinois, and very, very little training of any sort to deal with non-English-speaking people, because that just cannot be afforded under the system even by Hispanic agencies.

We found that within the system, that there was very little being offered in the way of basic skills education to meet the very critical problems of many people who are being dislocated or who are unable to get into industrial employment which was traditionally the backbone of our economy and don't have basic skills to get anywhere in the service economy.

Only about 10 percent of the training slots in Illinois are for basic skills development. Many more go for what they call a job club, for example, which is a very, very short, brief kind of encounter with a trainee that does really involve any substantive training except in how to do an interview.

We found that in the city of Chicago, only 337 blacks and 26 Hispanics were enrolled in basic skills training last year, and only about 110 of all of the students graduated from basic skills in the entire city. This is a city where almost 13,000 additional dropouts are added to a vast pool of people without basic skills every year, and who are condemned to almost certain economic disadvantage throughout their lives if they don't remedy those difficulties.

We found that coming out of the system, when you did get training there was discrimination or there was unequal treatment by employers. In other words, blacks or women who got through OJT training, for example, were less likely to be hired and likely to get a lower wage. Our study does not show how all these things happen or show how much of it is caused by discrimination, or how much is caused by other forces in society, but we did look very closely at civil rights enforcement to see whether JTPA was watching those issues to find out whether it could monitor equal opportunity, given these very serious problems we identified of unequal results coming through this system.

We were very distressed to learn that at both the Federal and State level, Federal civil rights enforcement, State civil rights enforcement had almost ceased to exist under the JTPA throughout the first 2 years of the program. Neither the Federal Government nor the State government has issued even a basic regulation to this point in time. Enforcement staffs are reduced. They cannot do training effectively, because they are not binding regulations.

In the State of Illinois, total enforcement staff at this point in time is one person who has not only the responsibility for JTPA, but a whole range of other major Federal grant programs, and is totally unable to handle the function that he has.

So we think that this one area that is particularly critical has to be addressed immediately. We see some signs in both Illinois and the Federal Government that at last there is beginning to be some attention given to this problem, but we think Congress should monitor that very strictly.

The title III program, we found, was a program in Illinois that functioned primarily for a very selective group of people without jobs. Eighty-five percent were high school graduates. It was overwhelmingly a white male program. Must of the training it offered was very short term, and it was not functioning effectively at all in the city of Chicago where only less than 50 people were placed during the transition year, and a very small number during the first program year.

We make a series of recommendations, and we go into both questions that can be dealt with within the existing lines of those that might require changes. We realize that this may not be the best time to be thinking about large changes in the act, but we are convinced that when recessions comes, this act is going to be so incredibly inadequate in many dimensions that there's a need for Congress to begin to think about what needs to be addressed as this program continues to evolve.

We believe that, first of all, there is a need to move beyond the placement standard of immediate placement and lowest possible cost, to thinking about the substantive kinds of training that need to be offered and the long term return on investments. As we read the act, Congress talks about return on the investment they're making and increased earnings and employment—these are quotes—of participants and reduction in welfare dependency. That does not mean for 1 day or 2 weeks or 2 months. It means a lasting reduction in dependency, and a lasting increase of income and employment.

There is absolutely no way within existing JTPA system at the State or the Federal level to know whether this is occurring or whether the existing investments are intelligent and worthwhile investments. We must have followup data. We believe that as soon as we have adequate followup data, it will become more apparent that more investment in basic skills training and less in more superficial aspects of this process really have much better long term economic returns, and that they are better investments.

If we move toward placement standards that are based on duration of placement, we will begin to understand much better what some of the training needs really are. We believe that there should be a major recommitment to basic skills training with the JTPA system. It is fine to say that somebody else should do it, that the schools should do it, or the community colleges should do it, and so on and so forth. We know that very few people who drop out of school actually return to school. We know that the Chicago public schools where most of the low income and minority children in the State attend have received less and less aid to deal with the problems of the children who are there, and we know that there has got to be much better cooperation between job training employers and schools if we are going to begin to address this problem effectively.

We found almost no coordination whatever in the State of Illinois between the public schools and the job training system over the retention of students in school and over the problem of helping dropouts or preventing dropouts, better yet, which we believe would be extremely important.

We found many inappropriate placements of youth in the job training system. There was only a very small fraction of those who need academic training and are receiving it. There's many short term placements in order to meet the placement standards. In Chicago, during the transition year, for example, in the whole JTPA system, one-fourth of the people were placed at minimum wage, and the largest single employer was McDonald's. We do not think that Congress intended to finance a job training system and to spend thousands of dollars on an individual to send them without any increase in basic skills or long-term earning capacity to a temporary job that is likely to be part time and brief, and close to minimum wage.

We believe that civil rights enforcement should be aided by issuing regulations, increasing staffs, by training the State and local administrators, by using some fund terminations to deal with the fact that most of the States don't even have the basic framework or beginnings of a civil rights program in force, and we believe there should be cooperation between JTPA and job discrimination agencies in looking at the differential treatment of people who are trained in this system when they go out and try to get employment or when they try to get referrals to OJT jobs.

We think that Congress, the Labor Department and States need to think about the definition of dislocated workers. Since we have found that it was not clear in the act and that the State has defined it in a way that tends to exclude a lot of the relatively low seniority women and minority employees in firms. We believe that there should be some major experiments in relocation, since parts of our State and many others simply don't have jobs.

It would be a much better service to people to help them move someplace that there are jobs if they could definitely line up jobs. We think that there has to be a better effort to coordinate JTPA and the unemployment insurance system since, for men, particularly, who aren't on AFDC, since there are no stipends in the JTPA system, we are now in a situation where there are many people who are too poor to afford to be trained in the United States.

We know that most of the unemployed people are not any longer in the unemployment insurance recipient category and for those who are we think there should be a very serious effort to get them into training as soon as possible while they still have the income to afford to be trained.

At the State government level, we believe that there is a real need for development of policies that emphasize quality of training. None of the Federal or State standards prevent an SDA, for example, from not offering any basic skills training, and some of the SDA's in Illinois do not. Chicago is only able to offer it to 4 percent of the eligible people, and it falls very far behind each year.

We think the State ought to be looking at and setting some priorities for what these job training programs actually ought to address. The State has no policy evaluation capability now, in part because it has been so severely underfunded administratively. They realize that they need to have that capacity, and Congress needs to think, I think, about the administrative expenditure ceiling if the States do not have the adequate staff to deal with the question of whether or not the system is actually working.

In conclusion, I would say there's a number of issues we think the Congress needs to address in the long run, first of all, funding. The funding is very seriously inadequate for these programs, and the thought that it should be further substantially cut goes right against the grain of a growing and deep need in the country.

We think that there is a very important role for public service employment. We found that people around the State operating JTPA had many situations where they simply could not find jobs to place people in, and there is something extremely counterproductive and destructive about training somebody when the job does not exist.

Many people have felt that by the end of the CETA Program we would learn a lot about how to run a proper public service employment program, and that we gave away that knowledge. We found in our State many tax expenditures that encouraged additional dislocation by having corporations move from central cities to suburbs and other places that did not have a real shortage of jobs.

We think that Congress needs to think about whether or not the Federal Government through industrial revenue bonds and other sources should be financing the creation of additional dislocation on a large scale in the country, even while it is offering a tiny training program to deal with some of those consequences.

We feel that JTPA as it presently stands does not have adequate tools to deal with the problems of non-English-speaking people who are a very large population in Chicago and many other areas and that there ought to be major experiments launched in this area.

Finally, we feel that there is importance, both to look at redistribution of funds within urban areas and to develop a series of strategies for sharing training opportunities, job listings and placement services across the fragmented parts of metropolitan area labor markets, because we have found many situations where there were unfilled training slots in affluent suburbs connected to almost certain jobs, and there were oversubscribed training progams a few miles away in the central city that did not have any jobs they were likely to lead to.

We felt that on both sides this is a waste of resources and opportunities. That concludes our basic statement.

[The prepared statement of Gary Orfield follows:]

PREPARED STATEMENT OF GARY ORFIELD, ILLINOIS UNEMPLOYMENT AND JOB TRAINING RESEARCH PROJECT, UNIVERSITY OF CHICAGO

Two years of experience under JTPA shows that the widely proclaimed success of this new federalism policy has been bought at a very high price. The program has achieved high placement rates with much lower expenditures, but this has been the result not of efficiency but of exclusion. The training program often has nothing of real value to offer those most desperately in need of training. Its agencies and contractors have specialized in brief training programs and job interview workshops for those whose training needs are much less severe and who would be likely to find jobs without special assistance.

Our year-long study of the program by the 26 people in our research project involved examining how JTPA is actually functioning in the center of industrial America. We visited local agencies across the state, including some of the richest suburban areas in the county and some of the nation's most stricken middle sized industrial cities. We conducted interviews with pople operating individual training programs, attended many of the policy meetings and interviewed the officials, and studied thousands of pages of printouts describing the programs and the people enrolled within them. We gathered data on budgets and programs for more than a decade and compared the nature of the efforts and the results as part of our efforts to find out whether the country was moving forward or backward in addressing its job training problems.

We concluded that the nation has been moving backward, providing less real job training and failing to recognize the very severe crisis that still confronts industrial workers, blacks and Hispanics, youth seeking jobs without skills, and women struggling to support a family on part-time minimum wage jobs. The economic recovery has been extremely uneven and the scale of the problems that remain to be addressed is far above that which was considered a grave social crisis a generation ago. If those who have stopped looking for jobs are added to the official unemployment statistics, we have 9.5 million people without work at what is probably the peak of the recovery and manufacturing employment has regained only about half of the jobs lost in the last recession. 15% of blacks, more than a tenth of Hispanics, and 18% of teens were jobless and the numbers were frighteningly higher for central city minority youth. A number of the largest industrial states, including Illinois, report substantially higher rates of joblessness and have experienced less recovery.

In the midst of this continuing crisis of unemployment, exacerbated by large changes in the American economy that displace millions of workers, the federal government has instituted radical cuts in resources for job training and adopted a set of policies that direct those resources away from the most troubled areas and individuals. In constant value dollars the federal training and employment expenditures dropped 69% from FY 79 to FY 83 and the program provided only one-fifth as much resources for training each jobless worker in a society with a far higher unemployment level. The drop was even more severe in Illinois. Not only did the dollar decline and the public service jobs program disappear, but our research shows that Chicago got significantly less than its reasonable share of what remained while some of the most affluent suburban areas received allocations well in excess of their needs. They couldn't spend the funds they received.

Our comparison of CETA with JTPA showed that at its peak CETA served about 30% of the jobless people in Illinois during a year but that JTPA reaches only about a tenth and provides a much lower level of service, with shorter programs and many placements in job clubs. The research showed that each time Congress changed the rules of job training programs during the past decade and a half, that there was a rapid effect on who received training. Where agencies were told to serve those with basic skills needs, they were served. When Congress reformed the PSE program, the number of disadvantaged participants soared. Even before JTPA, the Reagan Administration and the 1981 amendments changed the characteristics of job training programs under CETA, as fewer minorities and disadvantaged people were served and more with at least a high school diploma. The job training system adapts rapidly to new policy directives and we think that it needs some new goals from Congress.

JTPA was based to a considerable extent on some important assumptions. The law assumed that the states would do a better job than the federal government in administering job training and that the private sector would make a major contribution if the program was put under the control of Private Industry Councils and state councils dominated by businessmen. Our study finds that state control has brought more red tape and paperwork, that the state approved fragmentation of the Chicago suburbs separating jobs from the jobless, that the state has extremely little substantive leadership on such central issues as the linkage between education and training, and that state officials have done almost nothing to find out whether or not the program is actually working. The state has provided honest, professional, low cost administration in a program emphasizing compliance with auditing requirements and seeking ways to use job funds as part of economic development packages.

One of the clearest misconceptions was the belief of the Reagan Administration that the states would spontaneously enforce civil rights without federal regulations and federal monitoring. As the federal government withdrew from the field the vast majority of the states emulated its example and civil rights requirements virtually ceased to exist for the first two years of the program.

Our study of program participation shows that there are serious issues of equal opportunity at every stage of the JTPA system. The proportion of black enrollees is slightly above the low point of the CETA period if one looks only at Title IIA. Including Title III, the black participation is substantially lower. Hispanic participation has fallen significantly in Illinois under JTPA. The minority group members the program does serve include a few of the many thousands of dropouts added to the state's economically precarious population each year. There is a serious loss of potential participants in JTPA before the enrollment stage and disadvantaged people were disproportionately lost. Although the JTPA law emphasizes the economically disadvantaged, we found screening going on in much of the state at both the SDA and the service provider level. Officials and contractors throughout the system conceded that JTPA standards forced them to screen out many people with severe handicaps. Although our survey of those providing training services under JTPA disclosed considerable sympathy for the increased emphasis on placement, they reported that one of the most serious training needs was for basic skills and that they would not satisfy this need.

The educational dimension of the screening process was particularly critical. During the JTPA year ending last July, 75 percent of Illinois enrollees in Title II and 85% of those in Title III were high school grads. Even in Chicago, where almost half the students fail to complete high school, the great majority of those in training were graduates. Many JTPA enrollees had more than a high school education. Under CETA a far higher proportion of dropouts were served. Both in Illinois and nationally, the evidence shows a very dismal prospect for jobs and income for dropouts without training.

Within the JTPA system, women, minorities, and other groups experienced different treatment. Women were only about half as likely as men to receive the most desirable placements, in OJT jobs, and were substantially more likely to end up in vocational courses. Blacks were also less likely to receive OJT placement. Different types of training placement were related to different rates of finding jobs. Job placement, for example, was relatively low for job club activities. Even within the same kind of training, there were differences in placement rate and salary at placement by sex, race welfare status, etc. The JTPA system is exclusionary at the entrance point, threats people differently inside the training process, and feeds trainees into a discriminatory private labor market. It is a system that tends to perpetuate rather than reduce initial inequalities.

The Title III program, which is the major innovation in JTPA, accounts for about a fourth of JTPA enrollment in Illinois. The program speaks to a problem of dislocation that is extremely severe in Illinois but reaches a very small fraction of the people affected, has no targets for helping those facing the most severe problems in reentering private employment, and offers very short-term training that cannot upgrade the skills of a worker in a disappearing industry who has nothing to offer in the service industry labor market. We believe that this program is in need of fundamental reexamination.

Our recommendations cover many levels of state and federal policy and administration. We believe that an adequate response to the problem of very severe persisting unemployment, to say nothing of the much more serious problems likely in the next recession would require a substantial increase in resources in job training, restoration of a tightly targeted public jobs program where there are no jobs, and a redirection of the program away from emphasis on short-term placement figures with little real significance toward the kind of training that genuinely helps those who otherwise have little chance. Programs should be measured by long-term placements and by success in dealing with very serious educational problems that block almost any chance for mobility.

We call for much stronger priorities in directing the resources to very serious problems and a strong movement away from the existing fragmented view of training and employment within bits and pieces of metropolitan labor markets. We believe that there should be requirements for sharing jobs and training opportunities within large labor market areas and that the trainees should be offered an option to take a subsidy for a move when they can identify a better job somewhere else in the country. As the economy continues to move through drastic changes in the nature and distribution of jobs, it is very important to increase the choices and tools available to the victims of these changes.

One of the most glaring failures of the JTPA program has been a peculiar insensitivity to issues of discrimination and equity. We recommend a series of major changes to upgrade the performance of both federal and state civil rights operations. Our report shows that unequal treatment is, in fact, a systematic problem within the JTPA system and requires continuous top level attention.

The JTPA program has kept job training alive and training experts and agencies functioning through very difficult times. It has produced some valuable lessons about the need for increased attention to private sector relationships and concentrated work on placement problems. It has also shown all too clearly, however, the serious cost of making those useful ideas into the driving force of a training system that too often loses sight of the problems of those who most need training. Congress has the responsibility to offer a more solidly based training and retraining program that has the resources to permanently transform the work chances of people who otherwise will have no real role in the American economy or American society.

Mr. Martinez. Thank you, Mr. Orfield. I have one question. Somewhere in your testimony, somewhere here where you read it, you mentioned about 56 people. Was that in Chicago, IL, or the State of Illinois that were placed under title III last year?

Mr. Orfield. We found in the transition year, the figure was?

Ms. Slesser. Fourty-five people for the city of Chicago in the transition year; 322 people were placed during this program year in the city of Chicago in title III.

Mr. Orfield. This is a city that really has many, tens, scores of thousands of dislocated workers.

Mr. Martinez. Mr. Orfield. Kind of a sad statistic really.

Mr. Orfield. Yes.

Mr. Martinez. You have addressed a lot of the problems that we have heard referred to in other hearings. Do you feel, let me ask you, do you feel that these problems could be addressed through the administrative process, or do you feel there is going to need to be legislation?

Mr. Orfield. I feel there are many problems that can be addressed through the administrative process, such as the development of more realistic placement standards and evaluation capacity and so forth, and there are some others that we mentioned at the end that would require new legislation, but we do have the feeling that there is much more in the JTPA law than has been seen so far in the program administration and that the Labor Department has made a terrible mistake by saying that it was giving discretion, but really sending only one signal, saying we are only interested in your placement statistics and your cost statistics. Everyone in the system is reacting as if that was the only policy that was in JTPA, and I think it is very important that the Labor Department send out other signals and rest the minds of the State and local administrators about totally unknown accounting and auditing problems that they might be dealing with and begin to focus on real training issues.

Mr. **Martinez.** Thank you. Mr. Hayes.

Mr. **Hayes.** Thank you, Mr. Chairman. I just wanted to commend first Professor Orfield for his yeoman dig in research on this whole area, what I categorize as a real critical problem facing America today, that is what are we going to do to increase opportunities for gainful employment for our youth today.

I think certainly your efforts will not go unnoticed. It should be used to help us and Congress to understand and find some answers to the shortcomings that now exist under the JTPA Program. There is one thing that I must say. You mentioned something that I disagree with. You said when the recession comes. I am sure you were not talking bout the southside of Chicago where the University of Chicago lives. The recession has already progressed from a recession to a depression, so far as the southside of the city of Chicago is concerned.

My specific questions are these. I have been to several oversight hearings throughout the United States, and there has been testimony that indicated, and I want to find out if you see this as the case, where there has been certain skimming off the top in terms of the higher graded group of students, when it comes to determining who is admitted into the JTPA Program. Do you find this to be true in your study in Chicago and the State of Illinois?

Mr. **Orfield.** Yes, Mr. Congressman, we have found that almost everyone that we spoke to in the system recognized this as a problem, and a number of them said it was required by the placement standards. They believe that the signal that was being sent to them by the administrators was that they had to do this, because if they didn't meet those standards, their SDA could lose its funds or the service provider could lose its contract so that literally they had to think all the time about whether they could afford to take the risk of training somebody who really needed to be trained, or whether they had to select somebody that would be easy to place. Very often, they decided to select the people who were easy to place. The creaming takes place mostly along the lines of education which is a very, very important line, because it means we cream out people who are untrained by the schools from the job training system.

Mr. **Hayes.** Hence, it is not too far from wrong for those of us who have said it has been concluded by some in the position of power to do something about it that there are certain expendables in our society who we should not even waste money on to try to train and educate and prepare to fit into society. Hence, we don't give them any opportunity, isn't that true?

Mr. **Orfield.** Well, I think in our discussions, for example, with service providers in Chicago, that many of them felt that they were being told that they could not try to deal with the real hardcore unemployed, because if they did, they would have to spend more on those kids, and they would have not such a good record of placement, especially since they would be dealing with racial discrimination after the kids were trained, and that they would be punished if they did that by the JTPA system.

Mr. **Hayes.** You have mentioned the inadequacy of the civil rights program which I am interested in, and given the kind of approach that this administration has, and I am not asking you to be partisan in your answer to this question, because I say we are dealing with a human question, not one that has to do with partisan politics, but as a real assault on affirmative action as a whole, do you see any real chance for a turnaround in this whole area of civil rights as it approaches the problem of unemployment, unless there is some real positive action of change on the part of the Congress of the United States?

Mr. ORFIELD. Well, I think this is an area where Congress really needs to exercise a tremendous amount of oversight, because, as you know, a number of the Federal agencies are simply not actively enforcing civil rights laws at this point in time. I think that we have a situation in JTPA where the Justice Department has been blocking the issuance of even a basic regulation that's not a very dramatic assertion of Federal power, and I think is almost the minimum that the law requires.

That has been blocked now throughout, well into the third year of this program, and I think Congress needs to find out why the executive branch is unable to even issue a basic directive, that the lack of this directive has made many of the State people feel that civil rights is not any longer a serious problem, and that they really take any risk by ignoring it. Since many of the States do not even have a paper structure of enforcement, and no one has been punished yet for not having one in this system.

Mr. HAYES. Time is running out on me, I've been advised. Thank you, Mr. Chairman, for being as liberal as you were.

Mr. MARTINEZ. Thank you, Mr. Hayes, and thank you very much. I can assure you that the study and the work you have done will not go to waste. It will be valuable for us on the committee to work with as we try to remedy some of the inadequacies in the program now and as we try to correct some of the definitions to the locals so that they have less to worry about, and, like you say, stress more on the program's success as far as it pertains to the help of human beings that need it. Thank you very much.

Mr. ORFIELD. Thank you very much.

Mr. MARTINEZ. At this time, the Chair would like to call the first panel which consists of Joan Hammond on behalf of Gov. Richard Celeste, National Governors' Association; Donald Singer, president of the National Association of County Training and Employment Professionals, National Association of Counties; and John Tyner, council member from Rockville, MD, representing the National League of Cities.

We would like to begin with the council member from Rockville, MD, Mr. John Tyner.

STATEMENT OF JOHN TYNER II, COUNCIL MEMBER, ROCKVILLE, MD, ON BEHALF OF THE NATIONAL LEAGUE OF CITIES

Mr. TYNER. Good morning, Mr. Chairman. I am John Tyner, council member of the city of Rockville, MD, and a member of the National League of Cities, Human Development Steering Committee.

I am here today on behalf of our 15,000 direct and indirect member cities and elected officials. I want to thank the chairman and the members of the subcommittee for the opportunity to come before you and discuss the Department of Labor's Job Training Partnership Act activities.

Although much of the responsibility for managing JTPA has been lodged with State governments, the Federal Government through DOL continues to retain important JTPA responsibilities. Those responsibilities include the development and promulgation of regulations to guarantee that the objectives of the legislation are met, the resolution of disputes over service delivery area designations and private industry council certification, the approval of State plans, the development of performance standards, and serving in an appeal capacity for program auditing disputes.

To the extent that JTPA remains legitimately in its infancy, harsh, sweeping rebukes of the program and its administration may be somewhat premature. What is not premature, however, is how local governments perceive a program designed in large part to cure their jobless ills. The local level, after all, is where our Nation's millions of unemployed reside.

In a recent NLC survey entitled "Employment Problems and America's Cities," the survey respondents were asked to rate the performance of the Federal Government under JTPA both in general and in specific areas of responsibility. I would like to submit a summary of that report for the record. The results of that survey are quite telling.

Overall, only 3 percent of city officials said Federal performance in JTPA had been excellent, with 2 out of 3 saying that it had been fair or poor. In addition, large percentages say that the Federal Government has done a poor job of providing program guidance and information and technical assistance.

Mr. Chairman, what these figures tell us is that local officials do not think that the Federal Government is doing a good job on JTPA. In abolishing CETA and creating JTPA, both the administration and Congress clearly intended that the baton of decisionmaking be passed on to State governments which have little experience or preparation for the new role and responsibility under JTPA. This inexperience has only been compounded by what I believe many of us agree is serious program underfunding. At the meetings of the NLC Human Development Steering Committee in March and in May, and in our most recent meeting last month, the steering committee considered amendments to our national municipal policy as it relates to JTPA. While these amendments to our existing policies on JTPA have yet to be acted upon by the full NLC membership, they do, however, go in many ways to the heart of what it is we are discussing today, specifically ways in which not only the Department of Labor, but all players in the JTPA process can maximize the training and unemployment results intended by Congress.

Specifically we ask that you add specificity to language regarding JTPA's purpose of serving economically disadvantaged persons to now urge that the hardest to employ among the disadvantaged be targeted for assistance. This recommendation is premised on the fact that JTPA at its optimum can only serve about 5 percent of the eligible disadvantaged population.

We urge that you change the formula used in determining the JTPA allocations from a two-thirds unemployment rate, one-third poverty rate formula to an equally weighted formula of unemployment and poverty measures.

This change would more equitably address the high pockets of joblessness, chiefly among the urban poor which persist even when overall unemployment levels are relatively low.

We urge that you establish hold-harmless basis for sub-State allocations of JTPA funds, as is the case currently with State allocations. Short-term fluctuations, as you have heard this morning, in unemployment levels can drastically alter the level of funding to a service delivery area or a local unit of government from year to year. A hold-harmless funding basis would ensure the continuity and credibility of local programs by maintaining a threshold of allocations.

We would urge that you restrict the use of recaptured, unspent JTPA funds to redistribution within the JTPA system where the needs are greatest. We would also encourage the development of post-program measures of JTPA training and placement services as a means of assessing service quality.

We urge the utilization of data capture technologies to develop nationally standardized reporting systems on JTPA performance. We encourage the use of the Governor's 6 percent setasides for bonuses for SDA's which target the hardest to employ, and, nine, we would urge the inclusion of youth competencies as an additional form of positive outcomes in youth programs.

Finally, we would ask that you mandate that 20 percent of State title III allocations be set aside for technical assistance to service delivery areas and local units of government for planning and development of anticipatory strategies to deal with plant closings, large scale layoffs and economic emergencies.

While the NLC strongly supports H.R. 1616, plant closing legislation introduced by Mr. Ford of Michigan, we continue to be greatly concerned over both the scope of the problem and trends such as those actions taken in the Senate to reduce title III dislocated worker assistance. This setaside will truly assist SDA's and local governments in addressing a serious national problem.

Mr. Chairman, we are encouraged by the promise of JTPA and the potential the program holds for truly making a difference in solving a problem over which we have had little historic success, specifically the problem of unemployment in our Nation's cities. At the same time, however, we continue to be truly concerned over our seeming inability to solve a problem which continues to grow while Federal assistance to address it continues to shrink.

As we have testified previously, funding reductions in these programs targeted directly at nagging problems are serious in and of themselves. The scheduled expiration of the Targeted Jobs Tax Credit at the end of this year unless Congress extends the program will only serve to devalue the worth of programs like JTPA.

We continue to believe that only by means of a substantive and effective partnership between all levels of government may we maintain any hopes of solving these mutual problems. We are also hopeful that Congress will continue to call upon us to assist in these mutual efforts to assure the effective implementation of vital and worthwhile Federal programs.

Thank you for the opportunity to present our concerns before your committee. I welcome an opportunity to field any questions you may have that I could answer from a local perspective.

[The prepared statement of John Tyner follows:]

PREPARED STATEMENT OF JOHN TYNER II, COUNCIL MEMBER, ROCKVILLE, MD, ON BEHALF OF THE NATIONAL LEAGUE OF CITIES

Mr. Chairman, I request that my full statement be included within the hearing record . . . thank you.

Good morning, I am John Tyner, Council Member of the City of Rockville, Maryland and a member of the National League of Cities Human Development Steering Committee. I am here today on behalf of our 15,000 direct and indirect member cities and elected officials. I want to thank the Chairman and the members of the subcommittee for this opportunity to come before you to discuss the Department of Labor's Job Training Partnership Act activities.

Mr. Chairman, a number of so-called "experts" in the job training field, through preliminary studies of the JTPA, have already concluded that the Department of Labor has virtually abandoned its responsibilities as a partner in managing the JTPA.

Although much of the responsibility for managing JTPA has been lodged with state governments, the federal government through DOL continues to retain important JTPA responsibilities. Those responsibilities include the development and promulgation of regulations to guarantee that the objectives of the legislation are met, the resolution of disputes over service delivery area (SDA) designations and private industry council (PIC) certifications, the approval of state plans, the development of performance standards, and serving in an appeal capacity for program auditing disputes.

To the extent that the JTPA remains legitimately in its infancy, harsh, sweeping rebukes of the program and its administration may be somewhat premature. What is not premature, however, is how local governments perceive a program designed in large part to cure their jobless ills. The local level, after all, is where our nation's millions of unemployed reside.

In a recent NLC survey entitled "Employment Problems and America's Cities", the survey respondents were asked to rate the performance of the federal government under JTPA, both in general and in specific areas of responsibility. I would like to submit a summary of that report for the record. The results of that survey are quite telling.

Overall, only three percent of city officials said federal performance in JTPA has been "excellent", with two out of three saying that it had been "fair" or "poor". In none of the eight specific areas of responsibility did a majority of the respodnents rate federal government performance as "excellent" or "good". More than 20 percent of the respondents rated the federal performance as "poor" in six of the eight categories. In five areas, 30 percent or more rated federal performance as "poor".

In addition, large percentages say that the federal government has done a poor job of providing program guidance (41%) and information and technical assistance (37%). Significant proportions of city officials do not think that the federal government is providing the resources—financial and otherwise—that are needed.

At a full committee hearing in February of this year at which Carol Bellamy, NLC First Vice President testified, the Chairman of this subcommittee shared with the panel a proverb taught him by his father, that "figures never lie, but liars sometimes figure".

Mr. Chairman, our figures don't lie in clearly telling us that local officials do not think that the federal government is doing a good job on JTPA.

In abolishing CETA and creating JTPA, both the Administration and Congress clearly intended that the baton of decisionmaking be passed on to state governments which had little experience or preparation for the new role and responsibility under JTPA.

That baton was passed, however, with no one willing or responsible to coach states and locals in the proper manner in which it should be carried from that point on. As a result, governments at the local level across the country have been left with a program which states have interpreted as clearly as the law would allow.

This has only been compounded with what I believe many of us agree is serious program underfunding.

We commend Congress for the patience it has exhibited this year in providing JTPA time to work out some of its own problems at the same time giving Congress and all interested parties time to conduct their own assessments of what is right and wrong with the program. To have seriously considered and acted upon amendments to the program this early in its existance could well have served to merely exacerbate some of problems. We view this hearing, however, as an opportunity to present what we feel are potential changes in JTPA which Congress may wish to consider in the months ahead.

At the meeting of the NLC Human Development Steering Committee in March of this year, another of today's witnesses, Frank Slobig of the Roosevelt Centennial Project addressed the committee on the unique problems of disadvantaged youth and proposed and existing programs designed to address their chronic levels of unemployment.

At our most recent meeting last month, Martin Jensen of Job Training Partnership, Inc., also appearing before the subcommittee today, provided the steering committee with both his wisdom and insight into JTPA as we consider amendments to our National Municipal Policy as it relates to JTPA.

These proposed changes in our National Municipal Policy have yet to receive the endorsement of the NLC and its leadership. There amendemnts, however, go in many ways to the heart of what it is we are discussing here today, specifically, ways in which not only the Department of Labor, but all players in the JTPA process can maximize the training and employment results intended by Congress.

We are hopeful that these amendments which we agreed to will serve to assist you and other members of congress as they may consider amendments to JTPA in the coming year. Specifically, they are as follows:

(1) Add specificity to language regarding JTPA's purpose of serving economically disadvantaged persons, to now urge that the hardest-to employ among the disadvantaged be targeted for assistance.

This recommendation is premised on the fact that JTPA, at its optimum, can serve only about five percent of the eligible disadvantaged population.

(2) Change the formula used in determining JTPA allocations from a two-thirds unemployment rate/one-third poverty rate formula to an equally weighted formula of unemployment and poverty measures.

This change would more equitably address the high "pockets" of joblessness, chiefly among the urban poor, which persist even when overall unemployment levels are relatively low.

(3) Establish a "hold-harmless" basis for sub-state allocations of JTPA funds, as is the care currently with state alllocations.

Short-term fluctuations in unemployment levels can drastically alter the level of funding to a service delivery area or local unit of government from year to year. A "hold-harmless" funding basis would ensure the continuity and credibility of local programs by maintaining a threshold for allocations.

(4) Restrict the use of recaptured unspent JTPA funds to redistribution within the JTPA system where there needs are greatest.

The Administration intent is to return these unspent JTPA funds to the General Treasury.

(5) Encourage the development of "post-program measures" of JTPA training and placement services as a means of assessing service quality.

A report entitled "Preliminary Oversight on the Job Training Partnership Act" dated December 1984 and completed by the Senate Labor and Human Resources Subcommittee on Employment and Productivity notes that DOL's current performance standards "might be discouraging service to the most disadvantaged groups among those eligible for JTPA" because of their current emphasis on job placement, rather than job retention, increased earnings, or decreased welfare dependency. We believe that some measure of post-program "success" is a means by which to assess how well the program is working.

(6) Urge the utilization of "data capture technologies" to develop nationally standardized reporting systems on JTPA performance.

Here again, DOL's poor performance is in large part attributable to their lack of data on what is actually occurring within the program.

(7) Encourage the use of Governor's "six percent set asides" for bonuses for service delivery areas which target the hardest to employ.

(8) Urge the inclusion of youth competencies as an additional form of positive outcomes in youth programs; and

(9) Mandate that twenty percent of state Title III allocations be set aside for technical assistance to service delivery areas and local units of government for planning and development of anticipatory strategies to deal with plant closings, large scale

layoffs, and economic emergencies. While the NLC strongly supports H.R. 1616, plant closing legislation introduced by Mr. Ford of Michigan, we continue to be greatly concerned over both the scope of the problem and trends such as those actions taken in the Senate to reduce Title III dislocated worker assistance. This set aside will truly assist SDAs and local governments in addressing a serious national problem.

Mr. Chairman, we are encouraged by the promise of JTPA and the potential the program holds for truly making a difference in solving a problem over which we have had little historical success; specifically, the problem of unemployment in our nation's cities.

At the same time, however, we continue to be truly concerned over our seeming inability to solve a problem which continues to grow while federal assistance to address it continues to shrink. The Chairman of this subcommittee, the Chairman of the full committee Mr. Hawkins, and all the members of our committee have our thanks in preserving both the integrity and utility of these vital programs, particular during these times of fiscal crisis.

As we have testified previously, funding reductions in these programs targeted directly at nagging problems are serious in and of themselves. The scheduled expiration of the Targeted Jobs Tax Credit (TJTC) at the end of this year unless Congress extends the program will only serve to devalue the worth of programs like the JTPA.

These reductions amount to adding insult to injury when coupled with the loss of general revenue sharing, forced compliance with the overtime provisions of the Fair Labor Standards Act, efforts to prohibit states and localities from collecting sales taxes on purchases made with food stamps, and the mandatory participation of municipal employees in Medicare, to name but a few.

We continue to believe that only by means of a substantive and effective partnership between all levels of government may we maintain any hopes of solving these mutual problems. With regard to JTPA, we are hopeful that the Department of Labor will begin to correctly interpret their role as one of experienced overseer and advisor and not as a bored causal observer. We are also hopeful that Congress will continue to call upon us to assist in these mutual efforts to assure the effective implementation of vital and worthwhile federal programs.

Thank you for the opportunity to present our concerns before your committee. I would welcome the opportunity to field any questions you may have which I may answer from a local perspective. Thank you.

Mr. MARTINEZ. Thank you very much, Mr. Tyner. We will hear from the whole panel, and then we will ask questions.

Mr. TYNER. Thank you, sir.

Mr. MARTINEZ. We would like to hear next from Joan Hammond on behalf of Gov. Richard Celeste.

STATEMENT OF JOAN HAMMOND, DEPUTY ADMINISTRATOR, OHIO BUREAU OF EMPLOYMENT SERVICES, ON BEHALF OF HON. RICHARD F. CELESTE, CHAIRMAN, NGA SUBCOMMITTEE ON EMPLOYMENT AND TRAINING

Ms. HAMMOND. Thank you very much, Mr. Chairman, members of the committee. I am very happy to be here today on behalf of Gov. Richard Celeste and the National Governors' Association.

First, I would like to say a couple of things by way of introduction. I want to basically emphasize the continuing support of the States for the basic concept and structure of JTPA. States have taken ownership. The State and local partnership is working, and I think even most important, the local public/private partnership is working within our local communities.

Second, I would like to say that we really welcome the breath of fresh air at the Department of Labor with the recent appointment of Secretary Brock, the pending confirmation of Roger Semerad, and, of course, our continuing admiration for Bob Jones. Our written remarks which we have prepared for you today really focus on that most important role of our Federal partner, and they are fairly extensive remarks which range from what the Federal presence in the system building ought to be through issues about data collection, research evaluation, technical assistance and program coordination at the Federal level, a most important issue.

I will not go into that sort of thing, because it is there for you to see at your leisure, but I would like to make a few brief comments and observations in general.

The Job Training Partnership Act, from our point of view, is a highly complicated, really brilliant piece of legislation. It contains the tools that Governors need to develop within their States education, employment and training systems, systems that really operate, that coordinate scarce resources that can develop to be really comprehensive, coordinated, and efficient education and training systems.

There is tremendous strength potentially in the State job training councils, and the role that they can play within States in terms of system building, and their local counterparts, the private industry councils with their local elected official partners are a particularly effective tool potentially in developing the kinds of the quality systems of education and training that we need around this country.

I think probably this legislation brings us the closest that we have ever been at the Federal level to some kind of development of the national industrial policy. There are, however, some real needs that those of us at the States, as managers of this program, feel. One is a need for standardized information, qualitative as well as quantitative. We need to understand our impact. We need to be able to measure nationally as well as statewide how well we are doing at our targeting of dollars to the most in need.

We need the kind of information that will help us in driving, planning, and programming efforts that search for creative solutions, and we need help and information so that we can secure for our citizens, the ones most in need, the long-term employment and the economic mobility so badly needed.

I think a second point would be that there is need for increased professional development within the entire system, not just assistance to those who are perceived to be failing, but professional growth and support for that growth that will improve continually the quality of service that we provide across this country. We need a strong national and State-based technical assistance and research capability. Third, I think we need time, and we need flexibility. We need nonlegislative and nonregulatory remedies for the most part in my opinion. We need a great deal of nurturing and technical assistance within the system so that we can better deal with the problems that we know exist within and between our States.

Then there's a fourth issue. It has been spoken to today. I do think we need a few clear rules and parameters from the Federal level within which we can operate. There is a need for risk taking and experimentation within our States and within our SDA's.

For example, a clear audit and compliance policy would really be very helpful for us in striking out in a more creative way, but rather we are sitting in the States waiting for the other shoe to drop, and we are, therefore, taking a much more conservative approach in managing this program than we would like to.

I want to say a word on title II-A generally, if I may. I think we are settling in. The rate of spending from my observations continues to improve, and there is evidence of a growing understanding of what constitutes good performance. Even in those areas that are most troublesome to us, service to youth and older workers, I think there is evidence of some increasing creativity there. In my State, we are attempting to drive our system toward long-term training, up-front remediation efforts, customized training, and an increased understanding of the labor market situations locally.

I think overall I would say that we as States, as managers, are growing up. Now, I want to turn to title III, because this is a situation that concerns, I know, all of us greatly.

From our perspective as States, it is really the first Federal employment and training policy to address major aspects of worker adjustment. Those entering the work force can expect three or four changes in occupation during their working years, and title III is really our first opportunity to test approaches to or methods of maintaining a viable work force as technology changes.

Frankly, Mr. Chairman, I am appalled at the proposed cuts. This past program year Ohio had $13.6 million of title III money under contract, totally under contract, every dollar available. During this present program year, beginning July 1 of an allocation of $11.2 million; $7.2 million is already being contracted leaving us in Ohio with only $4 million to address over the next 9 months the continuing plant closing and layoff problems.

If proposed budget cuts are enacted, Ohio will only have slightly more than $5 million available for an entire year beginning July 1, 1986, in a State with continuing high unemployment. I don't agree with my friends from the Department of Labor. The solution for Ohio cannot wait for the 1987 budget.

The situation that we are facing with the proposed title III cuts for 1986 will represent for us in Ohio a 62-percent reduction in that program year operating level from that level we had in program year 1984. Some of the preliminary figures from the National Governors' Association indicate similar information from four of my sister States, in particular in which this committee, I think, would have an interest.

California will look at a 50-percent reduction, Montana 55, Illinois 65, Wisconsin 68. I think in conclusion what I would like to say about the program as a whole is that States will continue to assume responsibility and to accept accountability for the integrity of the system.

We take very seriously our partnership responsibility and we value the role of our Federal partner, and we do thank you for this opportunity to speak with you today.

[The prepared statement of Joan Hammond follows:]

Prepared Statement of Joan Hammond, Deputy Administrator of the Ohio Bureau of Employment Services

INTRODUCTION

Good morning my name is Joan Hammond. As Deputy Administrator of the Bureau of Employment Services for the state of Ohio, I am pleased to have the opportunity this morning to testify on behalf of the National Governors' Association concerning the role of the federal government in the implementation of the Jobs Training Partnership Act. My remarks will address the following major issues:

The need for a greater federal presence in developing a more effictive and efficient system to collect national data needed by both federal and state policy makers and managers;

The need for a greater federal role in research and evaluation

The need for a greater federal role in technical assistance and information dissemination

The need for a more aggressive policy leadership and initative by the federal Department of Labor to improve coordination among federally funded programs

The need for restructing audit and compliance review to preserve the flexibility provided under the statute and earlier DOL guidance to the states

Before I do so, however, it is important to emphasize the continuing suport of the states for the basic concept and structure of the JTPA. By all accounts the JTPA is off to a resounding start. The governors and states have assumed ownership for the system recognizing JTPA's importance as a key program and policy tool for addressing the economic needs of this country. Local service delivery and state systems are in place with the support of viable public/private partnerships at both levels. From the state point of view implementation of Job Training Partnership Act takes on particular importance as a prototype for other federal programs.

Second, I want to note that we are most encouraged by the breath of fresh air that has swept through the Department since the recent appointment of Secretary Brock and the announcement of the pending confirmation of Assistant Secretary Semerad. Both men have demonstrated knowledge of an sensitivity to the issues faced by the employment and training system. Given the change in atmosphere within the Department, it makes little sense to dwell on past weaknesses and instances in which the Department might have acted differently. Rather I will suggest areas in which a strengthened Department of Labor can provide much needed support and encouragement for the fledgling JTPA system.

THE FEDERAL ROLE IN DATA COLLECTION

The effective operation and oversight of the JTPA requires that all levels of government have basic information on program operations on a consistent and timely basis. The lack of such information can have serious effects on the future of the program as we have seen in the case of recent decisions regarding funding levels for the Title III program.

We have been strong supporters of the concept of reducing the federal reporting burden recognizing that overly detailed federal reports can unnecessarily overburden the intergovernmental system. Moreover, we strongly support the DOL's overall approach of tying reporting to accountability.

However, too limited a federal role can actually minimize the usefulness of the data that is collected and may lead to a proliferation of uncoordinated data collection activities by both federal and state governments. The lack of sufficient standardization in definitions makes it difficult for state or federal policy makers to make effective comparisons among the states or to provide a meaningful picture of the accomplishments of the JTPA program on a national level. The lack of federal guidelines and the fear of subsequent audits and compliance reviews have forced some states to substantially broaden their own reporting requirements in order to provide some degree of protection from possible adverse federal action at some future time.

The paradox which confronts us is that despite the paucity of consistent information at the national level, the reporting burden at the local level probably has not been substantially altered. In fact, the Department, through its compliance review process has caused some states to impose even further reporting and record keeping requirements than originally anticipated. Also, because federal definitions are broad and sketchy states have had to define a host of terms which have application in all programs. Together, these factors have been the source of some friction between state and local actors within the system.

Two years ago, NGA and other interested national groups testified before the House Operations Subcommittee in support of more timely and extensive federal reporting on participant characteristics, program services and outcomes. We still believe that those recommendations are sound even though the Department of Labor and the Office of Management and Budget did not choose to follow those recommendations.

While NGA and other organizations have attempted to fill the gap by helping states help each other in developing definitions, financial management and performance standards systems, and reporting and management information systems, it seems increasingly clear that these self help activities are not enough. They can make the system better, but they can not assure the level of consistency of data needed for national oversight or policy making purposes.

For these reasons, NGA would again like to recommend that the Department reexamine its role and consider actions which would:

Increase the frequency of federal reporting, provide for more depth of information and establish a limited number of standard definitions that would enhance the comparability of data included in individual state reporting systems.

Inconsistent and incomplete information impedes information sharing between states and limits the validity of the performance data. The inability to manipulate data adequately for analytical purposes because of the limitations in the data collected limits the utility of the data for management and other purposes. For instance because of lack of adequate information on attainment of youth employment competencies, it has not been possible to include this factor in the national regression model. States have therefore had difficulty in adjusting performance standards to take youth employment competencies into account. Further, untimely data reduces the ability for informed management decision making to correct inefficiencies and improve performance.

Assure that state flexibility in other definitions is not compromised by future DOL action in compliance reviews that tend to establish ex post facto definitions and requirements

It is important that the Department guard against back door policy making, second guessing and intrusion upon state and local decision making. The Department's process of compliance reviews presents such a threat. To date a number of state interpretations of terms have been questioned despite the fact that the Department had previously declined to provide guidance in such areas.

Reduce the need for ad hoc data collection where such information might more effectively be collected through a more efficient system of continuing reports

One of the consequences of having only a skeleton federal reporting system is the tendency to resort to ad hoc data collection efforts to obtain needed information. Within the broad federal guidance given, states and SDAs have organized their data systems in many different ways regarding definitions, time frames and reports. This has made it difficult and sometimes impossible to access consistent data for special studies. While the ad hoc data collection network which includes GAO, NGA, and other national organization has served a useful national purpose, our efforts have placed an additional burden on the system. For instance we have just completed data analysis on Title III expenditures using more disaggregated data than is available through the Department of Labor. We are also currently seeking information on the participants, types of service provided and the outcome achieved under the 3% and 8% set-aside programs. In the past we have done special studies on aspects of Title III programs, performance standards and 6% activities.

The Department, too, has resorted to ad hoc data collection methods as a means of finding out what is happening within the system. A cursory review of DOL compliance review monitoring guides suggests that considerably more information than that needed for compliance monitoring is collected during such reviews. Although ad hoc systems are often appropriate for one time needs they are not efficient means of collecting data on a continuing basis.

Adopt the recommendations of the JTPA Performance Standards Advisory Committee, including rapid action on recommendations for post-program performance standards for the Title II-A program.

Over the past several years as the employment and training system has gained confidence and experience in the performance standard system, the great majority of that community has come to realize the importance of looking at both the short and longer term outcomes of programs for purposes of planning new services and assessing the effectiveness of existing ones. Youth competency systems have been established by PICs throughout the country necessitating a more systematic inclusion of information from such systems into the larger performance standards system.

We are particularly concerned that the Department accept the recommendations of he JTPA Performance Standards Advisory Committee. We urge the Department to move quickly on the matter of instituting data collection for post-program performance standards as specified in the statute for JTPA Title II–A program since we believe that providing consistent follow-Up information on the employment and earnings increases for JTPA participants is powerful information for all levels of public policy makers especially at the federal and state levels. We believe that post-program information can provide great credibility with state legislators, State Job Training Coordinating Councils (SJTCC), and the private sector for employment and training programs and assist states significantly in their efforts to coordinate job training program with other state initiatives.

A recently completed survey by NGA indicated that twenty-eight states (57% of those responding) have already implemented a follow-up system which collects some of the information recommended by the JTPA Performance Standards Advisory Committee. By the beginning of Program Year (PY) '86 fully 80% of the states which responded to our questionnaire plan to have operational systems. The question is no longer should follow-up be done, how a consistent system can be achieved. We believe that the states, their SDAs, as well as the Department, will benefit from a national approach to follow-up which allows DOL to establish national standards while providing the states with the ability to share comparable information and work within the states in improving the quality of programming.

In supporting the recommendations of the DOL's Performance Standards Advisory Committee, we make a plea that states be given adequate flexibility to support needed information collection efforts and to provide assistance as necessary, not only after poor performance has been determined. We hope the Department will assume a stronger leadership role in making technical assistance available to ensure meaningful follow-up systems, and other aspects of the performance standards system. NGA has provided expert assistance to the states in the past and stands ready to do so in the future.

RESEARCH, DEVELOPMENT AND EVALUATION

Another traditional role of the federal government has been to look to the future regarding emerging issues and labor market trends, to experiment with new ideas, and to find better ways of doing things so that those in the field can benefit from the knowledge gained. Under JTPA, research, development and evaluation activities have been severely cut back and the responsible office within DOL greatly reduced in capacity. We strongly urge that the DOL renew its own commitment to research and evaulation and its support for appropriate state and private activities as well.

The Department of Labor needs to undertake selective research, demonstration and dissemination activities with the objective of program improvement. In so doing emphasis should be placed on the practical application of past research findings.

Although the success of JTPA and its management and service delivery methods is already being celebrated, we need to take time to learn more about the full implications of the approaches used. Many new things are being tried within JTPA. We know little about performance-based contracting. We know little about the relative effectiveness of rapid response teams, out-placement service and various techniques being used under Title III to work with disclosed workers. Although we have learned a great deal about how to measure performance, we are not very sophisticated in knowing how to diagnose the reasons for poor performance or how to improve performance where it lags. We still have much to learn regarding the measurement of reduction in welfare dependency. We need to learn how to better utilize available resources to serve the needs of target populations.

More work is needed in identifying early warning indicators that help states anticipate plant closing and worker layoffs. Assistance is also needed to help those at the state and local level make better use of other available labor market information in planning and managing programs.

A sustained program of research and evaluation provides the kind of feedback to the system on what works and what doesn't that is needed for program and management improvement. Although the states and localities can, and are, engaged in research activities to answer some of these questions, a broader national perspective that looks across states and local delivery systems is needed. National level studies are needed to evaluate the net impact of program services on clients.

TECHNICAL ASSISTANCE AND DISSEMINATION

The JTPA system is as strong as the quality of its staff. In the past staff development has never been successfully initiated. We urge the Department to improve the management capability at the state level through more active technical assistance in a variety of policy areas. Further, the Department should assist the states in strengthening their capacity to provide assistance to those at the local level. This will require that DOL give the states the necessary flexibility to use existing resources for enhancing the capacity of the system. Such flexibility is particularly important for small states with limited administrative resources.

Information dissemination is critical. While DOL has neglected this Congressionally mandated function, some states have stepped in to fill the gap by establishing statewide information networks. These state efforts, however, have been hampered by lack of access to information that could, and should, be made available. Federal support is crucial in this area.

Beyond program information current technology also makes its possible for DOL to provide states with direct access to information from other systems such as unemployment insurance that can be used for evaulation purposes.

POLICY LEADERSHIP AND COORDINATION

The JTPA delivery system is remarkably responsive to national leadership. Unfortunately, to date, DOL's singular policy emphasis on placement, cost and welfare reduction at the expense of longer term training and basic skill remediation has been contrary to what we have learned from previous research about what makes a difference in the lives of the target populations. Increased technical assistance to states and localities would enhance the implementation of previously identified good program practices and other innovations that have proven successful.

Federal leadership is also needed in promoting coordination between JTPA and other systems to bring about greater coherence in delivery systems and increase what can be accomplished for clients within existing resources. Perhaps the most critical immediate need for national leadership exists in carrying out the Congressional mandate for increased coordination between employment and training and vocational education programs supported through the Carl Perkins Act. Little, if any, coordination between the Departments of Labor and Education has been evident to date. Increased federal interagency coordination and support is also needed related to economic development and employment and training linkages. Internally, within the Department, better communication and coordination between Employment Service and JTPA activities is desirable in technical areas such as labor market information and testing, and more broadly in the policy direction given both systems.

COMPLIANCE REVIEWS, FEDERAL AUDITS AND ENFORCEMENT

As indicated, the Administration's policy of implementing JTPA as a block grant left many administrative and program decisions to state and local discretion. There is great uneasiness within the system that the Employment and Training Administration's active program of compliance reviews and the Office of the Inspector General's involvement in a wide variety of special studies has begun to erode the original division of responsibilities between the states and the federal government. Early indications are that unreasonable challenges to the state's authority are being made.

The uncertainty regarding where compliance monitoring and special studies will lead relative to federal audits has led to a situation where states and localities manage by fear of audit exception rather than by common sense and reasonable management practices. The kind of fresh creativity and private sector risk taking which Congress hoped to instill in JTPA is in threat of being stifled at the very time when the system is in a position to benefit from the new organizational relationships developed during the transition period. The fact that 6% incentive funds are not reported separately from the basic Title II funds further aggravates this situation.

We would urge the Congress to more actively examine this issue and we would urge the Department to restructure the audit and compliance process to preserve the flexibility which is so critical to program success.

CONCLUSION

In conclusion, we believe that the basic concepts incorporated in the JTPA program have proven successful. We strongly support the increased flexibility and responsibilities given to the states and to their local government and private sector partners. We are convinced that the decision to limit the role of the federal government was indeed a wise one. However, we are also convinced that the role for the federal government which was envisioned in the statute must receive additional attention from the Department of Labor. Such a role can protect state and local flexibility and will actually enhance the overall effectiveness of the program.

We recognize and appreciate the supportive role taken by the Congress and this Committee and we urge the Congress to continue its encouragement for an effective, but restrained federal role. We appreciate the new openness in the Department of Labor and we look forward to working with Secretary Brock and Assistant Secretary Semerad in developing and defining a new and more supportive role for the Department of Labor.

Mr. MARTINEZ. Thank you, Ms. Hammond. The Chair recognizes Donald Singer.

STATEMENT OF DONALD R. SINGER, PRESIDENT, NATIONAL ASSOCIATION OF COUNTY TRAINING AND EMPLOYMENT PROFESSIONALS ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. SINGER. Thank you, Mr. Chairman, for the opportunity to testify on the implementation of the Job Training Partnership Act. I am Donald Singer, president of the National Association of County Training and Employment Professionals, which is an affiliate of the National Association of Counties.

The affiliate works through NACO in representing the interests of county employment administrators across the Nation. I am pleased to be here today to share with you some of the concerns we have about the JTPA system.

First, I would like to point out that we welcome the opportunity to work with Secretary Brock, and the new Acting Secretary for Employment and Training, Roger Semerad. We believe that their previous experience has adequately prepared them to take on the challenge for leadership in the Labor Department. Both men have demonstrated a keen sensitivity to the skills needs of the economically disadvantaged and the employment needs in the private sector. These qualities are essential for good leadership.

At the start of JTPA implementation, we had an image problem to overcome. Negative publicity associated with the previous program placed a high demand on JTPA to produce positive results quickly. Consequently, many service delivery areas felt pressured to go with short term low cost programs which in some instances do not address the problems of those who are most in need, the problems in certain regions of the country and the rural community and the basic training needs of a labor force which is shifting from an industrial to a service-based economy.

The private sector and the elected officials have invested very heavily in JTPA and established high expectations for program outcomes. We believe we are on the right track and look forward to the future with great optimism.

Mr. Chairman, we believe the last 2 years of JTPA implementation have been successful by many standards. The business and Government partnership is working well, and we are serving the needy population, placing more people in jobs and holding down the costs for training and administrative services. However, there are several areas in which adjustments could be made to fine tune and improve the JTPA system.

Stability in funding is perhaps the chief concern among county employment administrators. The current distribution formula for title II causes significant fluctuations in local funding from one year to the next. Two-thirds of the fund go out to local areas on the basis of the unemployment rate. Consequently, as unemployment changes in a local area, funding may change drastically. In a recent NACO survey of title II–A funding, we discovered that 302, that is 52 percent of 580 service delivery areas, suffered a cut in funds between program years 1984 and 1985 despite the fact that national funding remained constant.

Focusing on the extreme end of the survey, several counties received cuts greater than 50 percent. For example, Davidson County, NC was cut by 62 percent. Morris County, NJ was cut by 66 percent, and Hillsborough County, NH was cut by 73 percent. Hillsborough County's allocation went from a $1.2 million program in 1984 to $314,000 in 1985.

Mr. Chairman, I believe you will agree that extreme fluctuations such as these will severely disrupt services and damage the credibility of local programs. Some level of stability in JTPA funding is essential for insuring the success of the program. Without this assurance, it would be pointless and futile to continue the practice of developing 2-year plans as called for in the act. Moreover, we will lose credibility with our clients who depend on us for services and our subcontractors who we depend on for the provision of those services and the private sector employers who depend on us for skilled workers.

I would strongly recommend that changes be made in the distribution formula that would assure local service delivery areas at least 90 percent of their previous year's funding level. This would provide the stability in funding needed to assure some level of consistency at the local level from year to year. The act provide 90 percent hold-harmless funding for States, and we believe the same should apply to the local SDA's.

Mr. Chairman, we are very disturbed by the recent cuts in JTPA approved in the House and the Senate appropriations bills for 1986. Both Chambers approved deep cuts in the summer youth title II–B and dislocated worker title III programs. The Senate's bill would reduce the summer youth program by $100 million in 1986 and $160 million in 1987. The House bill would fund the summer youth program at its current level, $825 million next year, and cut it by $100 million in 1987. Both Chambers have approved a $123 million reduction for the dislocated worker program for next year, and the reason cited for these cuts is huge amounts of unused funds.

We believe these cuts will send a negative message to the SDA's. The message is this, that all unused funds will be recouped if they are not spent within the program year they are allocated regardless of obligations on a 2-year plan.

This message will encourage quick spending and not prudent management as called for by the act. The act requires a 2-year plan and allows service delivery areas 3 years to spend their annual allocation. As mentioned earlier, the success of JTPA hinges on the stability in the funding level.

With respect to the role of the Department of Labor in the implementation of JTPA, we believe there should be greater guidance and technical assistance to the States and SDA's. While we appreciate the greater flexibility provided under the JTPA system, Federal guidance is necessary to insure adequate financial systems and uniform reporting capability for national reports.

At present, States and SDA's are very concerned because there has been little or no guidance with respect to audits. As a result, many States have imposed stringent reporting requirements trying to anticipate what the Office of the Inspector General and the Government Accounting Office will expect. Clear and concise audit guidelines should be developed at once. State and service delivery areas should know in advance what will be expected of them so they may avoid audit exceptions.

Many questions have arisen regarding the interpretation of statute and overall service delivery area operations. As each fledgling service area turned to their State for guidance on various technical issues, many States had to turn to the Department of Labor for guidance. The reply was read the law and do what you think is right.

For example, one of the major issues for the service delivery area has been reluctance of the Department of Labor to constructively resolve the issue of administrative cost pooling. As a result, we are often required to post one simple phone bill to 12 separate accounts when posting to one account would have been sufficient under CETA.

Also, in the absence of national audit guides, a misinterpretation of allowable costs alone could lead to many audit exception, and too often this approach has led to many different interpretations of the act as well as wasted time and energy.

The Department of Labor must provide leadership in the area of national technical assistance. Each State and service delivery area must now rely upon scarce resources to develop technical assistance programs both on an interstate and intrastate basis. We recommend that technical assistance initiatives undertaken by the Department of Labor be expanded and supported. We also believe that the Department of Labor should take on a greater role in defining what constitutes enrollment, termination, placement and other reporting standards.

The definition for these standards may vary from State to State which make it impossible to generate uniform national reports without Federal coordination. For example, termination in one State may occur when a client completes a training program. In another State, clients may be kept in a holding status for several weeks upon the completion of training.

To generate national reports, there must be uniform definitions and Federal coordination. We also need to develop national performance standards on postprogram impacts of both adult and youth programs. Such measures must be cost effective to use and must recognize quality outcomes.

Another problem that we face is the 40 percent spending requirement for youth. We believe this is an unrealistic requirement since youth populations vary drastically from one area to the next. Furthermore, since youth training is usually less costly than adult training, service delivery areas must train significantly more youth than adults to achieve the spending requirements.

This is very unrealistic, especially in areas where there are small youth populations, and their requirements should apply to the number of participants and not the expenditure of funds.

An additional problem in the youth area is youth competencies. Although employment competencies approved by the Private Industry Council are specifically listed as a positive outcome for youth in the act, the Office of Management and Budget does not allow the Department to include them as separate items on Federal reports or to count them explicitly as a positive termination in Federal performance standards. The competencies are generally broken out as: One, basic education skills; preemployment skills; work maturity skills; or, occupational skills.

Youth employment competencies represent the program outcomes that promise the greatest long-term impact on youths' employment and earnings. Moreover, 44 States covering 95 percent of the service delivery areas already require that competencies be reported to the State level if a competency system has been developed locally. The States then reaggregate that data in preparing Federal reports. We support the addition of the youth employment competencies as a separate reporting item and that they be built into the national performance standards for positive terminations.

Mr. Chairman, thank you for the opportunity to testify on issues related to JTPA. Congress can do much to see that JTPA succeeds, and it should at a minimum protect it and provide it the stability that it needs to flourish. To say that we have a partnership in the priority of expenditure at the local level is not enough. It cannot be partnership in low concerns and held hostage to vagrant issues. It must be a partnership that is making the most of State and local resources and potentials. At this time, I would be happy to answer any questions you or other members of the subcommittee may have.

Mr. MARTINEZ. Thank you. I was taken back by the statement, read the law and do what you think is right. Now if we can get that recorded in some way, then I would imagine what that insinuates is that you are held harmless for anything you do, wouldn't you?

Mr. SINGER. Mr. Chairman, could you repeat that?

Mr. MARTINEZ. The statement that you made earlier that in response to looking for guidance from the Department of Labor, the statement was returned to you, read the law and do what you think is right. Isn't that what you said?

Mr. SINGER. Yes, sir.

Mr. MARTINEZ. Well, if the industrial council or Governor or PIC president got that response, wouldn't you then ask them to document that? I am really offended by that kind of an answer. It is a snide answer to begin with, and wouldn't you be able to turn it around and say, all right, if you make that statement now, if you give us the perogative to do what we think is right after reading the law, that then we are held harmless later if you decide what we did was not right?

Mr. SINGER. Yes, sir, but that is not the case. Obviously it is not the case.

Mr. MARTINEZ. Maybe somewhere we can get them at a hearing. If that statement had been heard earlier, maybe the next hearing we have we can get someone from the Department of Labor to address that statement, and we can get it on record, that you are going to hold these people harmless. It comes through over and over again that what the State and local people are concenned about it is if we don't do this thing exactly right, then we are going to be held accountable for funds expended that they claim we did not expend in the proper manner, and so as a result, we are going to have to do everything we can now to protect ourselves, and that results in more concentration on the paperwork and reporting than on actually working the program to its success.

Mr. SINGER. May I comment on that?

Mr. MARTINEZ. Yes, please.

Mr. SINGER. It is our understanding that most of the Governors throughout the Nation, the most extensive experience they have in employment and training is operating balance of State CETA programs. Now one of the major issues then, of course, is some of the repercussions that were realized under the CETA balance of State issues.

Therefore, with regard to the State staff and my good friend, Joan Hammond notwithstanding, their responsibility is to protect that Governor. Therefore, with that experience in mind and the relative shallow experience with regard to JTPA we all suffer, required layers and layers of paperwork to be placed both at the local and State level.

Now, comments were heard earlier that also my friend, Mr. Jones, had mentioned that the paperwork possibly at the Federal level is not that significant, but may I emphasize that the local level is being choked. In fact, we are incurring more and more requirements to cover ourselves and to make sure that each expenditure for example is well documented, et cetera, than we ever incurred under CETA.

Mr. MARTINEZ. I think what we have to do is really somehow get across to Mr. Jones and the people at the Department of Labor of the real existence of this, not the imaginary existence of this, but the real existence of this at the local level and make them realize. You know, he made a statement that to wait until the reports came in, then we would establish policy, and if you were here, you will remember I said that is post policy, and that does not alleviate any of the real fears that exist or eliminate any of the paperwork that is being done because of those fears.

I would suggest that maybe the Governors ought to get together and make them realize that where they hang their hat on the fact that this is a partnership between Federal Government and States and a partnership between industry and Government that a partnership really only exists on the mutual trust and respect for each other in regard to the problems that they encounter.

In that regard, I would ask, being from the Governor's office and being fully aware, because I think your testimony indicated that you are completely aware of the problems and situations that exist in this, and we say, of course, that the Governors do have much of the authority in this program, is there some way that Governor Celeste could alleviate some of the fears? Since the State is held harmless and the Governor has some flexibility in what he is going to hold the locals accountable for, can't the Governor issue some, with a directive to the Labor Department that he is going to do it, relieve some of the fears and anxieties of the local people?

Ms. HAMMOND. The National Governors' Association and certainly Governor Celeste and individual Governors have been in discussions with the Department of Labor over time on these issues, because we are all conscious, for instance in Ohio, when we took office, we were facing $108 million of CETA disallowed costs. We are very conscious of the liability of the State general fund should we not administer this program in an appropriate manner.

One of the problems that we are finding is that while Mr. Jones and the employment and training division is very sympathetic and understanding, on the other hand, the Office of the Inspector General is also out across the country visiting our States and our SDA's, taking a look at what is going on and tending to question after the fact, not only policy decisions that have been made by Governors, but even in the areas in which purposefully we have given private industry councils and their local elected official partners some latitude.

I think it is a problem for the Department to make sure they are speaking of one voice, and that the different areas that deal with us directly from OIG and the Office of Civil Rights and so forth are somehow unified in principle behind what we all hope this program will ultimately accomplish.

Certainly Governor Celeste heading the Employment and Training Committee for NGA will continue to take leadership in this arena, and would have liked to have been here today and would certainly promise to work with you, Mr. Chairman, and your committee.

Mr. MARTINEZ. Thank you. Let me ask you one last question before I turn to Mr. Hayes. Brock said that the program levels would not suffer because of that loss of $123 million to the title III, 55 percent as it has been estimated to be of program funding.

I am not too sure myself that he is accurate, because there is a greater concern that I have, that as they audit the amounts of money that are available, or that they claim will be available to shift to this program that they are really accurately being able to determine the difference between obligated monies and expenditures. Would you comment on that?

I understand your State did a study on that very question, did they not?

Ms. HAMMOND. We clearly have immediately moved any time funding has become available to put that money under title III under contract, also with the caveat that we needed the flexibility and that was the purpose for title III. Governors needed the flexibility to move on when plants closed, there was business retrenchment, there were emergencies within a State. The Department of

Labor is not looking at the dollars we in the States have under contract under legal binding contracts. They are only looking at the dollar drawdown. Now the program, I think because Governors were thoughtful in the way in which they moved with their local partners to implement the program, did move slowly in those early days, and yet the carryover myth which is becoming very quickly a myth, exactly that, will not be the situation going into the next program year.

We in Ohio will not have any title III carry-in in the sense that we will have programs operating, all that money promised, and we still will have a line waiting for new funding, and people needing more money. We have 24,000 steelworkers dislocated today in our State and plants going down around continually.

So I find it really ludicrous when I am told that the level of service is not going to be affected.

Mr. MARTINEZ. Would you like to comment on that, Mr. Tyner, from the city's perspective?

Mr. TYNER. Yes, Mr. Chairman, I would. I think it is extremely important to note that in any plant closing arrangement under title III, there is a long, drawn-out negotiation process. In Maryland and in other areas that our subcommittee has people from, New York, Chicago, Detroit, even Silverbow, Butte, MT, you have cases where that long process of negotiation with a plant owner, with a local jurisdiction, whether it be a municipality, a county, a township, and with the State level, takes quite a bit of time.

The good faith effort that is made to put a package together to either keep an industry there or provide for that retrenchment training cannot be obligated specifically or expended specifically on a convenient fiscal year to the Federal auditors. It just cannot be done. Flexibility needs to be left at the local level in order to successfully carry out those programs. We take particular umbrage at the fact that at the end of a fiscal year, any unused funds ought to be returned directly to treasury.

I think whether you are talking title IIB or whatever you are talking in the program, you are addressing a problem from various different angles. I think the local level, the SDA's, the State, or the PIC, should have that authority to move those moneys around as long as it is a step that is working on the specific problem which is to eliminate unemployment and to retrain people.

Mr. MARTINEZ. I would like to get each of you on the record as to what is the solution you would recommend, and we will start with you, Joan.

Ms. HAMMOND. Solution to which of the problems we are facing?

Mr. MARTINEZ. The allocation of funds, the determination that those funds are already encumbered because they are part of a contract. How do we convince the Department of Labor that they are not counting it right? What is the solution to that auditing problem?

Ms. HAMMOND. Well, my experience has been with the Department of Labor that I guess it is the Chinese water torture treatment that works the best. I just think we keep saying it over and over and over again. We have a responsibility in the States, as our local folks do, of showing that we are indeed spending these dollars or quality training that will lead people toward long-term employment and economic mobility, and I think if we as States and locals band together and operate programs in a manner that will achieve these results, and will continue to show that we are tackling this problem of unemployment and the need for economic development as a nation, that our message will eventually get through.

Mr. MARTINEZ. Mr. Tyner.

Mr. TYNER. Mr. Chairman, I think that it can certainly be handled on an administrative basis. I think as my colleague has pointed out, it needs to be constantly pointed out to DOL that there is this particular thing. I am, by profession, a budget analyst. It is very easy administratively to change the categorizations of how those funds are counted for purposes of JTPA accounting. It is done in many grant programs and many block grant programs that this Federal Government supports. I won't go into the level of support, but the procedure is there. There is no reason professionally speaking why it cannot also be done with this program. It would help the Federal level, the State level and the SDA's and the PIC's.

Mr. MARTINEZ. Mr. Singer.

Mr. SINGER. I would concur that when the States and the locals and the Department of Labor get together, we have to come up with some solutions to moving these funds, to addressing the areas of specific need and having the flexibility at the local level, and I cannot emphasize this enough. The counties and the private industry councils are grasping at economic development opportunities, and when they can have the leverage, and the flexibility with JTPA to coordinate those efforts, and we have done that very well in the State of Ohio, and we are very proud of the coordination efforts that we have there, that when this type of flexibility occurs, we can maximize the funds to leverage the opportunity for the unemployed.

Otherwise, if we are going to be held in these straitjackets, these funding straitjackets, it inhibits the flexibility, discourages private industry councils from being heavily involved in economic development, and tends to make JTPA a secondary source when it could very well be a primary source for the economic development thrust.

Mr. MARTINEZ. Thank you. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. I think all three witnesses have been quite clear in their testimony in saying in effect that we got problems in the area of JTPA. There is no question about it.

I was just interested and concerned, particularly in your testimony, Mr. Tyner, you said, Mr. Chairman, our figures don't lie, and clearly telling us that local officials do not think that the Federal Government is doing a good job on JTPA.

In abolishing CETA and creating JTPA, both the administration and Congress clearly intended that the baton of decisionmaking be passed on to State governments, which had little experience on preparation for the new role and responsibility under JTPA.

That baton was passed, however, with no one willing or responsible to coach States and locals in the proper manner in which it should be carried on from that point on.

Now you suggest there are several remedies for this and one that really I just want you maybe to embellish on a little, since time

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won't permit me to go into all your remedies, but you suggested one that if you would just give me a little more information on. You suggested a change in the formula used in determining JTPA allocations from a two-thirds unemployment rate, one-third poverty rate formula to an equally weighted formula of unemployment and poverty measures.

This change would be more equitable in addressing the high pockets of joblessness chiefly among the urban poor which persist, even when overall unemployment levels are relatively low. Can you comment?

Mr. TYNER. Mr. Hayes, I will give you a specific example.

Mr. MARTINEZ. Mr. Tyner, before you answer that, I am going to ask Mr. Hayes to assume the chair. I have got to be at another spot about 5 minutes and it will take me about 5 minutes to get there.

Mr. HAYES. Go ahead.

Mr. TYNER. Mr. Chairman, I will provide for the record some specifics for you, but let me just say a couple of points. In our survey, 57 percent of our urban cities reported pockets of unemployment over 10 percent in various areas even though the overall unemployment rate for them perhaps was not that high. I specifically will give you an example of Montgomery County, MD, where Rockville is the county seat. Montgomery County is delighted that we have a very low unemployment rate; however, we do have within the city and within certain areas of the county upward of 15 to 20 percent unemployment in Hispanic and black areas.

When you have a formula that deals directly with unemployment rates or primarily with unemployment rates, that tends to obscure the fact that even in the most wealthiest counties and in those areas that have relatively low compared to a national level of unemployment, you still have a great need that JTPA can help with. That is why we are specifically asking you to change that formula, because that way, it is a little more equitable throughout the country, and you can deal with the basic problem which is really a problem of poverty and unemployment.

Mr. HAYES. Ms. Hammond, do you share the opinion that a change in formula might help?

Ms. HAMMOND. I think at some point we have to take a look at that formula, because it is presenting a problem. There isn't any question about it. That formula, however, is tremendously complicated, and in its development, a lot of time was spent debating a lot of issues, so I think we need to be very careful in opening up that issue.

In my personal opinion, and I have no concensus of the other States, but from our perspective in Ohio, if our Governor was able to pass along the 90 percent hold harmless to the SDA's as a temporary stopgap solution while this whole issue of the formula itself was reexamined, we would find that acceptable. But clearly, Bob Jones is right when he says to just oversimplify the issue and go straight to a 90 percent hold harmless would over time create other kinds of problems that may drive the system in other directions than those that we wish.

The problem exists, clearly exists.

Mr. HAYES. Mr. Singer?

Mr. SINGER. I would concur that we would have to be very, very cautious in modifying any formula-based allocation process, but to build on John's earlier comment with regard to pockets of unemployment, we also have to consider the performance standard aspect of this program.

When, for example, an area with relatively low unemployment receives their JTPA grant, performance standards are associated with that grant. Now, you have to understand that in areas where there is high unemployment, and comments about creaming and taking the exceptionally well-qualified people as a priority may exist, I have to draw your attention to those areas where there is low unemployment and having to serve the very hard-to-serve individual. The costs are considerably higher, and the potential for employment is considerably lower. Therefore, the cost associated with driving that system relative to performance standards is very critical so the cost may be greater, yet the amount of funds may be less.

Mr. HAYES. I want to thank each of you panelists for having presented us with excellent testimony, and I am sure as we continue to study and grapple with this problem on a congressional level, your testimony will be taken into consideration. Thank you very much.

Ms. HAMMOND. Thank you.

Mr. TYNER. Thank you.

Mr. SINGER. Thank you.

Mr. HAYES. Panel No. 2 and the final panel, William H. Kolberg, president of the National Alliance of Business, and Marsha Oliver, chair, board of directors for the National Association of Private Industry Councils, if you would come forward please.

I would like to advise each of the panelists that your testimony if here in written form will be entered into the record in its entirety. I left off two panelists, Mr. Jensen and Mr. Slobig, if you would come forward too as a part of this panel, but your entire testimony, if we have copies, will be entered into the record, and you may deal in the interest of time with what you consider to be the high points of your written testimony. We will begin with Mr. Kolberg.

STATEMENT OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

Mr. KOLBERG. Mr. Chairman, thank you very much. It is always a pleasure to appear before this committee. I admire the stamina of the committee, and in that light, I want to make five brief points and stand on the written testimony that, as you said, you have.

First off, Mr. Chairman, I feel a need to talk about the overall performance of this system. In our view, the private sector view, the system has performed very well even in its early stages, and let me underline that this is very early in building a national system.

The private sector is excited about this system. We think for the first time we see glimmers of a system that begins to work. It's a very large and complicated system. There are something like 18,000 volunteers serving on 600 private industry councils and State councils. There are 25,000 professionals out there. So you are talking about a large complicated national system.

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Two-thirds of the volunteers, something like 10,000 business people serving as volunteers on private industry councils and State councils, about two-thirds of them are from small business, so we are not just talking about the major companies that founded the National Alliance of Business and continue to serve on our board. We are talking about the millions and millions of small businesses and their representatives that are now very much engaged in this system.

There were many before the law was passed and there are still many that will allege that the private sector does not care about this very crucial public problem. I think the record so far certainly disproves that.

Mr. Chairman, I would associate myself with the way Secretary Brock characterized the charge of creaming in this system. I resent it also, as he does. I think the figures speak for themselves, and, again, I would emphasize 40 percent of those served and placed are on welfare roles. It's a little difficult for us to conclude that people on welfare somehow aren't in need of service and somehow we are creaming.

Forty-six percent of the people served in this system are minorities, Mr. Chairman, and, again, I find it difficult to conclude with those kinds of numbers that creaming is going on. The 70-percent placement rate, we think, is adequate. We would like to do even better, so with that, Mr. Chairman, I would make my first point. I think the overall performance of this system is good. I would not want to stand on the record of any given State. It's a big country. There are 50 States operating out there. One can always do better, but it seems to me important to emphasize the positive. This glass is better than half full and continues to get better over time.

Point No. 2, in relationship to the Federal Government role, I think Mr. Brock's appearance this morning and what he said speaks for itself. Certainly, Mr. Jones is one of the superb career executives in the Federal Government. The new Assistant Secretary designate, Mr. Semerad, is a friend of ours. I think those three gentlemen and the leadership they will bring to the Labor Department will cure whatever problems have been talked about this morning.

I would underline one thing that Mr. Jones said, and I agree wholeheartedly. The Federal Government and the Labor Department went out of their way to err on the side of giving maximum flexibility and openness for the States and localities to build this system. I think if you have to err, it was far better to err on the side of the Federal Government getting out of the way and letting the States, as they have, pick up in a very effective way rather than continue the Federal oversight of micromanagement that has characterized this program for a good part of its 20 years in existence.

Point No. 3, Mr. Chairman, on performance standards. It has been said several times this morning that this program must produce a sense of confidence in the American people that it works. The way you do that is through meeting bottom-line requirements called performance standards, and as I said earlier, I think the performance standards are being met. We are beginning to inspire credibility among the doubters in the private sector that, in fact, this great social program can make a dent on the problems of unemployment.

I think by and large the department has done a good job in the performance standards area. You heard this morning from them and from many of the other witnesses the problems that are still there, and there are problems. Certainly we need standardized definitions. We need to be able to cross check between States and between local areas, and I think the Department ought to move in that direction.

You heard about the need for employment competencies and taking credit for that. Certainly that is an important thing that I think again we will be working with the Department to try to push them toward. You need to look at post program data. It has been said earlier this morning that short-term jobs are not what we are after. Certainly not, but in order to put that kind of discipline in the system, you need to collect the data.

In general, I would say that the Labor Department's most important responsibility is the performance standard responsibility. That's the way that we all, the Congress, the executive branch, the private sector, the great public sector out there, that's the way we're all going to know whether, in fact, this program works, and without it, without it being published openly and often, we are not going to have the kind of bottom line we need.

Again related to creaming, at an average cost of $5,000, Mr. Chairman, there are some things that one cannot do. If you set the average cost at $10,000, you would serve half as many people, and you would have more money to serve them. I think personally, and I think many of my colleagues would agree, that at an average cost of about $5,000, some will come in less, some will come in more, but that is putting it at about the right place for service when you recognize, again as many witnesses have said, that we cannot begin with the money we have to serve anything like the universe out there.

So, again, it is a balancing problem. You make some short-term placements of people that are almost ready, but they may be on welfare, but you also spend $7,000, $8,000, $9,000 on those that are not ready.

Point No. 4, I would just associate myself with all that has been said this morning about cuts in title III and summer youth. Our board of directors and we have been working very hard over the last 6 months to try to keep, try to convince the Congress to keep level funding in this whole area. We continue to believe that is very important.

I find it very ironic, Mr. Chairman, that at a time that Congress comes back from the recess and with all the pressure and public attention on the trade problem that the one flexible program on the books, title III of JTPA only 2 years old, that is the program that the Congress in the last 2 weeks has picked out to cut 50 percent.

The problem continues to be large. The States are learning how to do it better all the time, and it seems to me, and I would hope that the Congress would reexamine, both the House and the Senate would reexamine the cuts that each body has now made in the program over the last several weeks.

As far as summer youth is concerned, I think the history, Mr. Chairman, as you probably know well is the Congress makes $100 to $150 million cut about this time of the year, and then they come back in the middle of the summer and restore it. Let's not make it. Let's just keep it at the same level as we have in the past, allow the States and allow the cities the time to plan, the time to run good programs. To make that appropriate in July is essentially throwing money over the fence after the summer is halfway gone.

The last point, Mr. Chairman, on the problems of serving youth, we would agree wholeheartedly that a lot more needs to be done in this system to learn how to meet that 40 percent requirement and to do positive things. Secretary Brock mentioned a letter that 10 organizations had sent to him recently. I won't quote from that letter or talk any more about it, but within that and with the work that we and our sister organizations have done, we believe that a very much better job can be done starting basically with remedial education and remediation in the schools.

We think that's where it ought to start, and it would proceed from there, and we think this system can do far better, and we want to associate ourselves with all the other organizations and now with the Secretary assuring you that we will work very hard to do a much better job which I think is required in this system. Those are the 5 points, Mr. Chairman.

I would conclude by saying we don't believe the law needs any change at this stage. Most of the things that have been pointed out this morning can be taken care of by more sensitive, more responsive leadership in the Labor Department. We think that sensitive, responsible leadership is there. We think we have a Secretary and now an administration that cares about this program, is supportive of the program, that will work with all of us to take care of the problems that are there. Again, thank you for the opportunity of appearing before you.

[The statement of William H. Kolberg follows:]

A Concept Paper for
A Comprehensive Strategy for Training and Technical Assistance
for JTPA Youth Programs

Last March, twelve national organizations including the National Alliance of Business, the National Commission for Employment Policy, the AFL-CIO's Human Resource Development Institute, the U.S. Conference of Mayors, the National Governors' Association, the National Association of Counties, the National Association of Private Industry Councils, the National Conference of State Legislatures, the National Job Training Partnership Inc., the National League of Cities, the National Youth Employment Coalition, and Jobs Watch sponsored a symposium entitled "JTPA and Youth: Expanding the Opportunities." The symposium participants helped to identify the problems encountered while providing services to youth in JTPA and to highlight information exchange and technical assistance strategies needed to improve the effectiveness of youth programming under JTPA.

The consensus of these select state and local practitioners was clear on the following five points:

1. Basic skills remediation should be a fundamental component of any employability development activity, including the summer work experience, in order to prepare our nation's youth for increased skill demands of entry-level jobs.
2. JTPA resources must be used as leverage with other funds (CDBG, Voc-Ed, ABE, WIN, etc.) to expand program design opportunities while integrating JTPA within the broader human resource development system.
3. Activities to increase the skills of staff professionals must occur if programs serving young people are to succeed.
4. Increased public awareness and support for youth employability development must be cultivated through a coordinated national and local marketing campaign.
5. While JTPA cannot serve the universe of needy youth, a state and local policy framework must be developed to help rationalize the resource allocation decisions, in terms of both likely benefits and equity.

The same group of symposium sponsors have continued to meet since the March session to chart a comprehensive strategy for both coordinating technical assistance and training and delivering them. The organizations have outlined the scope of activities and content

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areas which comprise a comprehensive package for management assistance at the federal, state, and local levels. The balance of this plan will be implemented by national organizations, but no presumptive deliverers are delineated at this time. It does assume a strong and direct role for the Employment and Training Administration, U.S. Department of Labor. The following components were crafted as part of an overall framework that would comprehensively address the technical assistance needs of the job training system in youth services.

Through the symposium, we recognize the need for an ongoing technical assistance plan. These activities represent a cohesive approach to meet the systems technical assistance demands over time. Together these activities can respond to practitioner needs at differing levels of responsibility. Some activities would address policy matters while others address technical program issues.

1. National Youth Conference: Directions for the '80s

We propose to co-sponsor, with the Labor Department and other Federal agencies, a major national conference during January, 1986, in Washington, D.C. This event would mark a kick-off of renewed public and private sector partnerships, as well as focus a national discussion, on helping youth make the school-to-work transition and addressing employability development of school dropouts. It also would provide a staging ground and demonstration arena for components of the longer-term training and technical assistance plan.

The objectives of the conference would include: increased public awareness of the needs of youth, particularly the economically disadvantaged; increased coordination among relevant youth service organizations, both public and private; policy development aimed at federal, state and local officials which encourages basic and occupational skills development for youth; and the sharing of lessons learned from research, demonstrations and operational experience of existing programs.

2. Seminar Series

Building on the success of the NAPIC-sponsored Youth Forums in conjunction with NAB, NGA and Brandeis University, a series of youth seminars is planned. These seminars will be directed at the operational level of the JTPA system and will be kept small enough to facilitate maximum impact on attitudes. Topics could address remediation, youth competencies, performance standards, job access, and job availability. Training teams will be drawn from appropriate organizations to present material in the most effective fashion. It is anticipated that the seminar series will cover several regions throughout the country.

3. Mini-Briefings for SJTCC and PIC Volunteers

To compliment the seminar series for operational level staff, a series of mini-briefings will be developed for SJTCC and PIC members. These sessions, scheduled separately, will be short, yet highly focused discussions on remediation, youth competencies, performance standards, access to jobs, and availability of jobs. The tone of these presentations will vary with the audience and with the policy implications of various strategies. Trainers will be selected from appropriate organizations and may include state and local volunteers who can provide effective role models. A number of mini-briefings will be scheduled to cover target groups, content areas, and regions of the country.

4. On-Site Technical Assistance

While the aforementioned activities will provide a significant impact on improving the delivery of services to youth, some state and local entities require customized on-site technical assistance. This labor-intensive activity will be provided by a variety of individuals and organizations who will be selected by the consumer (information seeker). It will be an on-going process with the majority of costs attributed to travel.

5. Information Exchange

One invaluable method for providing management assistance is the information exchange function performed by many organizations and individuals. This often entails the collection and dissemination of program models, descriptions, etc. and is both a paper and a verbal transfer of information. This will be an on-going activity.

6. Practitioners Research/Demonstration Index

Investing in research and demonstration activities has yielded substantial information that is appropriate to improving youth programs under JTPA. However, dissemination of this information has not occurred systematically, nor has it been packaged in a manner that is usable by front-line practitioners. Therefore, a concise restatement of major R/D findings will be a helpful technical assistance product and will compliment all of the aforementioned other deliverables. The index should include program design strategies for in-school as well as out-of-school youth.

7. Resource Directory

Currently, there is no central source of information on resources available at the national, state and local level for obtaining training and technical assistance in youth services. A composite directory would allow the consumer (information-seekers) to efficiently and effectively scan the listing and make a more informed decision prior to enlisting the aid of any particular organization or individual. At a minimum, the resource directory should contain the biographies and references of those listed and should be indexed by subject matter. No other pre-screening is contemplated for the directory, as the burden of quality control would lie with the information seekers. Regular updates to the resource directory would be necessary.

JTPA and Youth: Expanding the Opportunities
March 25-26, 1985
Symposium Summary

Background and Purpose

On March 25 and 26, 1985, a small group (24) of state and local representatives of Job Training Partnership Act (JTPA) programs met in Washington, D.C. to examine the problems of youth unemployment and the role JTPA can play in solving those problems. The symposium was sponsored by ten Washington-based organizations, and was convened by the National Alliance of Business (NAB).

In addition to NAB, the sponsoring organizations were: the Human Resources Development Institute (HRDI) of the AFL-CIO, Jobs Watch, the National Association of Counties (NACo), the National Association of Private Industry Councils (NAPIC), the National Commission for Employment Policy (NCEP), the National Governors' Association (NGA), the National Job Training Partnership, Inc. (NJTP), the National Youth Employment Coalition, and the U.S. Conference of Mayors (USCM).

The purpose of the forum was twofold:

1. To identify barriers which are preventing JTPA from effectively providing services to youth; and
2. To identify information and technical assistance strategies that are needed to enable the JTPA system to overcome these problems.

Using the information gained at the forum, the sponsoring groups plan to develop an agenda for action which will guide both independent and joint activities of the national organizations involved.

Working in small groups over the two-day period, the participants:

1. Identified the youth employment problems they felt were the most critical in their states and communities;
2. Identified the things that they believed employment and training programs ought to be able to do to address these problems;
3. Discussed the ability of JTPA, specifically, to address these problems and identified specific barriers within JTPA, including legislative, regulatory,

resource, information, and program operation barriers, to dealing with these problems, as well as successful strategies for overcoming the barriers; and

4. Identified what could be done to solve the problems within JTPA in the areas of information exchange, technical assistance, regulatory or statutory changes, and activities external to JTPA.

I. The first task was to identify the most important problems facing youth that affect their employability. The group identified several major problems:

- Lack of basic skills, particularly academic, communication, and problem solving skills, which affect not only a youth's ability to get jobs, but also their ability to benefit from occupational training, to advance up career ladders, and to complete school, especially with the heightened emphasis on performance requirements for high school graduation;
- Lack of jobs, specifically a lack of entry level jobs for which at-risk youth can qualify due to the changing and increasing requirements for entry level jobs, and a lack of jobs in certain areas, particularly older urban areas, sparsely populated rural areas, and areas of high unemployment, often those hard hit by plant closings and the restructuring of basic industries where adults compete with youth for the available jobs;
- Lack of access to jobs due to age, race, and sex discrimination; lack of information about job opportunities, job requirements, and the schooling required to get particular jobs; lack of knowledge about how to fill out applications, prepare resumes, contact employers, and effectively participate in job interviews; and reluctance on the part of employers to hire youth;
- Lack of recognition that many youth must cope with "adult" problems, such as pregnancy, housing, or child care;
- Poorly developed work-related behaviors and attitudes necessary to get and keep a job.

II. **The second task of the group was to explore what strategies could be used to address these problems and what the barriers were to doing so under JTPA.**

With regard to the lack of basic skills (or the need for remediations strategies) several key issues were identified as barriers. They included:

- Performance standards — In order to overcome the perception that the standards force low-cost placement training instead of longer-term training that results in other positive outcomes, it is important to include the attainment of youth employment competencies as a positive outcome. At present, there is no perceived incentive to mix clients and services.
- Youth Employment Competencies — There needs to be specific recognition that these are positive outcomes for youth. Help is needed in defining and applying meaningful competencies.
- State's performance standards adjustment policies — There was recognition by the group that the performance standards system itself lent flexibility as to who gets served, what services are provided, and at what costs. Many SDAs and PICs, however, are unfamiliar with the flexibilities available to them. The reason for this lack of awareness, is the lack of TAT available to states and PICs around the performance standards issues.
- PIC attitudes — There was discussion on how PIC members view JTPA training for youth.
- Lack of access to jobs — Several key issues were identified as barriers. They included:
  - The changing requirements for entry level jobs — higher competencies required for the most basic, "unskilled" position;
  - Limitations in JTPA try-out employment — the difficulty of serving drop-out youth in this component, which is one of the few opportunities to combine work experience with classroom training; and
  - Perceptions of businesses — that youth are a risk as an employee.
- Staff experience — Many SDAs/PICs have small staffs, who may have a limited experience base, and have not had enough time and contact to share information on creative job development strategies.

III. The final task of the group was to identify possible agendas that could assist in overcoming identified barriers. The agendas (as identified by the group) were:

1. Program models/information exchange
2. Staff development
3. Coordinated curricula/assessment/development and exchange
4. National public relations/marketing
5. Federal, state, and local policy development
6. Legislative change
7. Regulatory change

Within each problem area, the group was asked to identify which of the above "agendas" would best assist them in providing better services to youth. Within that context, several themes emerged.

It became apparent that a public relations and marketing strategy was needed at a national level which could be picked up at the state and local level. This marketing "campaign" would include themes structured around high-risk youth, the lack of basic skills of many youth, and the types of services that can be provided to youth through local programs.

The second broad theme was the need to develop technical assistance that could respond to staff development needs, information exchange strategies, and the delivery of technical information that responded to specific program development and design issues.

Third, after a discussion about the need for legislative changes, the participants seemed to agree that if the other agendas were met, JTPA could meet the employment and training needs of a broader variety of youth. Some regulatory changes were identified which, if addressed, could limit the need for legislative change.

The symposium participants agreed that the most important issues they considered are the needs for basic skills remediation and for devoting greater priority and resources to serving youth.

Summary

Several major themes having broad support of the symposium participants emerged from the two-day meeting. These included:

- Youth lack the basic academic and functional skills necessary to compete for entry level jobs in today's changing economy. Therefore, basic skills remediation should be a fundamental component of any employability development activity, including summer work experience, in order to prepare our youth for the increased demands of entry-level jobs.
- There is a lack of appropriate entry-level jobs for youth, which is exacerbated by the poor access that youth have to available jobs. JTPA resources must be used as leverage with other funds (CDBG, Voc. Ed., WIN, ABE) to expand program design and job opportunities while integrating JTPA within the broader human resource development system.
- Well-designed programs require staff who are effective managers and are current with the most effective technologies. Professional staff development and training are essential activities that should occur at all levels of program administration and operation to ensure the highest quality job training workforce possible.
- There is a partial youth policy vacuum at both the state and local level which limits both interagency coordination and the opportunity for the appropriate targeting of JTPA resources. A state and local youth education/training/ employment policy framework needs to be articulated to help rationalize the resource allocation decisions and promote improved coordination.
- Youth policies and programs, once forged, must be marketed to employers and the general community to ensure their support and participation. Marketing should be considered as an integral part of overall program administration and not as an afterthought.

JTPA and Youth: Expanding the Opportunities

March 25-26, 1985

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What's Happening with JTPA?

A Complete Analysis of NAB's 1984 Survey Data

$7.50

Elaine Brady, NAB Clearinghouse Manager for Evaluation Studies, managed the data collection effort, directed the analysis, and was the principal author of this report.

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PREFACE

It is with great pride that the National Alliance of Business provides you with the final, comprehensive report based on our two 1984 data collection projects: an exhaustive survey of all service delivery areas and a specialized survey of a sample of private industry council chairs. The information in this publication is timely and of great value to all the partners committed to making JTPA succeed in a cost-effective and efficient way.

While our release of the major findings in November provided a snapshot of how well the reorganized system was functioning at the completion of the transition year, this report provides a much more complete picture -- it presents analyses of new information as well as a more detailed look of the initial conclusions and their implications, including cross-tabulations among related variables. Whenever relevant, we offer the opinions and impressions gathered during the interviews and compare the findings to those obtained through NAB's 1983 survey of local programs.

Although it is impossible to determine the long-term impact of JTPA at this time, we are pleased to report that the findings are largely positive. Most employment and training communities have indeed set a system in place which is continuing to meet the needs of economically disadvantaged and structurally unemployed people while increasing business involvement in cost-effective way. The public/private partnership appears to be working successfully in most areas. A clear majority of the people enrolled in local JTPA programs obtained employment at the time of their termination from the core transitional year program. We at NAB commend private industry council members and service delivery area administrators for the job they have done during the rapid and challenging transition from CETA to JTPA.

This is not to say, however, that there are no areas that might prove problemmatic. As the data indicate, key issues such as the level of service to youth, the relationship between the state and the local entities responsible for overseeing JTPA, and the effects of the 30 percent limitation on administrative and supportive services costs bear watching. However, the overwhelming majority of evidence indicates that JTPA is functioning effectively in most areas and that the rather rapid evolutionary change from CETA to JTPA has strengthened the job training system.

The Alliance hopes to be able to repeat similar survey efforts next year. We strongly believe tht the sharing of information on problems and progress is critical to the positive evolution of JTPA. We look forward to working with you to help further the goals of JTPA and strengthen local economies.

Sincerely,

W. H. Kolberg

William H. Kolberg
President
National Alliance of Business

EXECUTIVE SUMMARY

GENERAL ADMINISTRATIVE ISSUES

- Administrative structures as well as geographic configurations were stable. Although a year ago many SDAs indicated that they expected to change their grant recipients or administrative entities, few changes were made.
- The SDAs rely on many agencies to provide outreach and intake and most indicated that they do not have a policy of giving preference to the "hard-to-serve" or the "easier-to-serve." About one-third of the SDAs require program operators, many of whom are under performance contracts, to do a portion, if not all, of the outreach and intake functions.
- In relying on a variety of sources for training, the majority of the SDAs heavily use both public education institutions and the private sector for training. Community-based organizations are the third most frequently used entity.
- About 40 percent of the SDAs use performance contracts for over half of their training programs.
- Involvement of community-based organizations in JTPA has remained stable and appears to be increasing slightly. The majority of participants in most SDAs, however, do not receive training or services from such entities.
- The supportive services most commonly provided under CETA continue to be provided under JTPA, but are usually restricted to those most in need or in certain types of training programs. Third parties provide supportive services in a number of sites at no cost to JTPA.
- Unlike CETA, in which most prime sponsors paid hourly stipends and cash payments, only about half of all SDAs provide either stipends or cash payments and these are usually restricted to participants meeting certain criteria.
- State set-aside and Title III funds generally by-passed the SDAs and usually added very little to their funding levels from Titles IIA and B. A growing number of SDAs, almost one-third, sought and received other non-federal funding.
- The overwhelming majority of all SDAs indicated that limits on administrative costs would have a negative impact on their management and conduct of JTPA. Over half of all SDAs had less than $255,000 in Title IIA money for administration.

- The majority of SDAs had written agreements with the Employment Service, secondary and post-secondary education agencies/institutions, welfare agencies, vocational rehabilitation entities, and economic development agencies.

SDA PERFORMANCE

- JTPA Title IIA served approximately 600,000 individuals during the transition year. On average, 667 participants terminated from the typical SDA; 418 of these individuals found jobs.
- Although less than half of the SDAs surveyed (44%) met all of their performance standards during the transition year, five of the seven standards were met by at least 80 percent of the SDAs. On a national basis, four national performance standards were surpassed (three placement rate standards and adult cost per placement rate) and one was barely missed (adult wage at placement). The youth positive termination standard was not met. (The standard for youth wage at placement was not set.)
- Characteristics of those who terminated under JTPA Title IIA are very similar to those who terminated under CETA (Title IIBC, FY '83). For example, the level of service to welfare recipients was the same under the core JTPA and CETA programs.
- Almost half of the SDAs had trouble meeting their youth expenditure goal, but SDAs gave no single overriding explanation for the problem. While certain restrictions in the legislation may have stymied some SDAs, many others cited programmatic issues such as slow start-up and inadequate marketing.
- Most SDAs met or surpassed the percentage of welfare recipients the law required them to serve.
- After youth and welfare recipients, SDAs most often targeted high school drop-outs and minorities.

TRAINING ACTIVITIES

- SDAs offer a well-balanced array of training activities. The percentage of enrollees participating in both OJT and classroom training has increased significantly over CETA, while work experience has decreased; yet, SDAs have avoided over-reliance on a single component. On-the-job, classroom skills training and pre-employment/motivational training each are expected to serve about 40 percent of all adult enrollees this year. Participants in multiple training activities account for the number exceeding 100 percent.
- Non-occupational classroom training was made available to considerably fewer participants than were enrolled in other types of training (less than 20 percent of all adults).

- Classroom training, primarily skills training, is by far the largest category of training expenditure.

- The majority of SDAs did not plan to significantly change the training mix in this year's adult and youth programs.

- One-third of all participants are expected to be enrolled in two or more major program components (e.g., OJT, classroom training). While the average length of training under Title IIA programs was 12.5 weeks and 12.8 weeks for adults and youth, respectively, considerably less than the average length of training under CETA, this level of sequenced training indicates that a substantial number of enrollees will receive more in-depth training. SDA interviewees also anticipated that participants would be enrolled for a longer period during the current year -- a time period closer to the CETA experience.

PRIVATE INDUSTRY COUNCIL ORGANIZATION AND ACTIVITIES

- The average PIC continued to consist of 25 members, with 14 of those members from the business community. Almost two-thirds of the business members were from businesses of less than 100 employees. Nationwide, there is equal representation by chief executive officers and other business executives.

- Attendance by all members was good and turnover was low, with turnover usually resulting from personal reasons and not from frustration or dissatisfaction with JTPA.

- Both PIC chairs and SDA staff were consistent in their positive assessment of the PIC's role and impact, reinforcing the fact that both the public and private sectors had generally developed mutually satisfactory relationships.

- Business involvement appears to have increased since the beginning of JTPA with the PICs having more substantial functions in many areas compared to the transition year.

- About 250 PICs are now incorporated -- over 100 more than last year. Incorporation does not seem to have a significant effect on program results, but is associated with greater PIC involvement in certain key SDA activities.

STATE AND LOCAL RELATIONS

- About half of the SDA administrators indicated that they were dissatisfied with state JTPA administration. However, two-thirds of those dissatisfied are concentrated in 12 states.

- PIC chair views are at best mixed concerning the effectiveness of the State Job Training Coordinating Council in developing statewide policies, in making a difference in local JTPA programs, or in involving business people with JTPA.

- States have designed a variety of individual reporting systems for their SDAs; the amount and type of information requested varies considerably as does its value to SDA day-to-day management of the program.

INTRODUCTION

On June 30, 1984, the local jurisdictions responsible for administering the Job Training Partnership Act (JTPA) completed their transition year and entered into their first full year of operation. Shortly thereafter, the National Alliance of Business (NAB) undertook two major data collection projects: 1) a comprehensive survey of the 593 service delivery areas responsible for the provision of federally-funded employment and training programs, and 2) a limited survey of a sample of private industry council chairs.

A total of 576, or 97 percent, of the service delivery areas (SDAs) participated in the project.[1] NAB's 1984 survey of the local jurisdictions is the only study that sought to collect a variety of data on all service delivery areas and private industry councils (PICs). Eighty-three PIC chairs, 14 percent of the total, responded to the PIC chair survey. Both surveys were funded by the U.S. Department of Labor, Employment and Training Administration, and other organizations and were administered by telephone during a three month period (July-September, 1984) utilizing structured questionnaires.

METHODOLOGY

The SDA survey instrument included 93 questions and covered five major areas: general administrative issues including service delivery area arrangements and training activities, SDA performance, private industry council organization and activities, state/local relationships, and participant characteristics and termination information. An introductory letter explaining the purpose of the survey and a copy of the questionnaire were sent to the prospective interviewees one to two weeks prior to contact.

These structured interviews were conducted by NAB national office staff with key staff of SDA administrative entities -- the individuals actively involved in the planning and administration of the local program.[2] While more than one individual at the SDA often participated in the survey, there was usually one primary or major interviewee. SDA or PIC directors were by far the most common primary respondents. Specifically, almost two-thirds (62%) of the key respondents were SDA or PIC directors, while the second largest category of primary interviewees was SDA or PIC planners (18%). SDA or PIC assistant and associate directors made up the third largest group of major respondents (10%). Most interviews took one hour to complete.

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[1] In 15 of the 576 SDAs, only management data which are required to be reported to the federal government were included (e.g., participant characteristic and termination data). Most of the SDAs on which no data are included are in the U.S. oversees territories. Copies of the SDA and PIC chair questionnaires may be obtained by calling the NAB Clearinghouse (202) 289-2910.

[2] A majority of the administrative entities are cities, counties, or consortia of local government; the remainder are PICs or other organizations (e.g., educational institutions, private non-profits, community-based organizations, state governments).

Because of the major role of the private sector in JTPA, the National Alliance of Business sought, through a separate survey, the perceptions and insights of PIC chairs after their first year's experience in their new capacity as an equal partner with government. (PIC chairs are required by law to be representatives of private business.) PIC chairs were randomly selected from an alphabetical list of all PIC chairs and were interviewed by business people on loan to NAB.[3]

The PIC chair survey was undertaken during the same time frame and followed the same methodology as the larger SDA study. That questionnaire, however, was much shorter and focused on fewer areas of inquiry; it comprised 21 questions and was designed to elicit information in areas where PIC chairs would be expected to be most knowledgeable (e.g., level of PIC involvement in SDA decision-making) or where PIC member opinions are valuable in understanding the functioning of JTPA (e.g., PIC chair satisfaction with the PIC role).

This report is based primarily on the information gathered, computerized, and analyzed on the responding 576 SDAs. Relevant findings from NAB's PIC chair survey are also included and are compared, where appropriate, to the results of the SDA survey. While the majority of data collected from both the SDA and the PIC chair surveys was objective (e.g., incorporation status of the PIC, types of service providers) some of the questions, particularly in the PIC chair survey, required responses which were highly subjective and relied primarily on the respondent's perceptions and beliefs. Thus, some of the information must be understood as reflecting solely the opinions of the interviewees.

Furthermore, although this report is based primarily on an analysis of the interviewees' responses, some data have been augmented by more detailed or anecdotal information provided voluntarily by the respondents. Also, when information on the operation of JTPA's predecessor, the Comprehensive Employment and Training Act (CETA), was relevant and accessible, or where findings gleaned from NAB's 1983 survey of all SDAs were useful, they were included and compared to data collected this year on JTPA. Hence, this publication provides a comprehensive look at the new employment and training system and offers many excellent insights into how JTPA is functioning throughout the country.

HIGHLIGHTS

The results of both surveys indicate that, for the most part, a stable, functioning job training system is in place and the private sector is indeed in active partnership with local government. Although information was not collected on the specific degree of involvement in the system by education, the Employment Service, community-based organizations, and other interest groups, a substantial number of SDAs are working with these agencies. Most SDAs offer a broad mix of training activities and a solid majority of participants are getting jobs at the end of training. At the same time, service to such groups as high school dropouts and welfare recipients appears to be as high as that under the last year of CETA's core training program.

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[3] Although the responses were not evenly distributed geographically, every region of the country was represented among the PIC chairs.

On the other hand, many SDAs indicate they are having difficulty maintaining the quality of services because of limited administrative funds. There is also some concern that the provision of training to certain target groups is being hampered by the restrictions on cash payments to participants; and while most local jurisdictions offer a range of supportive services, such services are usually only available to enrollees who meet particular requirements. Also, many expressed dissatisfaction with the role and policies established by the state and indicated that the State Job Training Coordinating Council is not playing a particularly useful role in the implementation of JTPA. Despite these areas of concern, however, both the hard data and the information gleaned from questions which required highly subjective responses indicate that JTPA has gained a solid footing in its first year of operation and is generally functioning effectively in most SDAs around the country.

Chairman **LaFalce**. Mr. Evans you are going to give me information on the million-and-a-half jobs and the permanancy of the damage.

Mr. **Evans**. It is a fairly detailed study.

Chairman **LaFalce**. Thank you. The subcommittee is adjourned.

[Whereupon, at 12:35 p.m., the subcommittee adjourned, subject to the call of the Chair.]

[The study submitted for the record by Mr. Evans entitled "Trade Deficits are Forever" follows:]

GENERAL ADMINISTRATIVE ISSUES

Summary of Findings

- *Administrative structures as well as geographic configurations were stable. Although a year ago many SDAs indicated that they expected to change their grant recipients or administrative entities, few changes were made.*

- *The SDAs rely on many agencies to provide outreach and intake and most indicated that they do not have a policy of giving preference to the "hard-to-serve" or the "easier-to-serve." About one third of the SDAs require program operators, many of whom are under performance contracts, to do a portion, if not all, of the outreach and intake functions.*

- *In relying on a variety of sources for training, the majority of the SDAs heavily use both public education institutions and the private sector for training. Community-based organizations are the third most frequently used entity.*

- *About 40 percent of the SDAs use performance contracts for over half of their training programs.*

- *Involvement of community-based organizations in JTPA has remained stable and appears to be increasing slightly. The majority of participants in most SDAs, however, do not receive training or services from such entities.*

- *The supportive services most commonly provided under CETA continue to be provided under JTPA, but are usually restricted to those most in need or in certain types of training programs. Third parties provide supportive services in a number of sites at no cost to JTPA.*

- *Unlike CETA, in which most prime sponsors paid hourly stipends and cash payments, only about half of all SDAs provide either stipends or cash payments and these are usually restricted to participants meeting certain criteria.*

- *State set-aside and Title III funds generally by-passed the SDAs and usually added very little to their funding levels from Titles IIA and B. A growing number of SDAs, almost one-third, sought and received other non-federal funding.*

- *The overwhelming majority of all SDAs indicated that limits on administrative costs would have a negative impact on their management and conduct of JTPA. Over half of all SDAs had less than $255,000 in Title IIA money for administration.*

- *The majority of SDAs had written agreements with the Employment Service, secondary and post-secondary education agencies/*

institutions, welfare agencies, vocational rehabilitation entities, and economic development agencies.

Overall Administrative Structure

The overall administrative structure of local service delivery areas remained stable as JTPA moved into its second year of operation. Very few SDAs changed their geographic boundaries, grant recipient, or program administrator in the first year. Geographic boundaries were reconfigured in only nine of the 576 local jurisdictions (1.6%) and affected SDAs in only six states.

That so few SDAs changed their geographic boundaries is not surprising since the law states that governors cannot redesignate SDA boundaries more frequently than every two years, and that all reconfigurations must be made at least four months before the beginning of the program year. Thus, in those cases where geographic boundaries did change, such changes reflected the resolution of legal questions or appeals that had been pending, usually from the initial designation process, rather than from a new assessment of the SDA's ability to effectively serve the community.

Only six percent of the SDAs changed their grant recipient while five percent changed their program administrator. Where there was a change in the program administrator or grant recipient, that change usually resulted in the PIC being designated to serve in these capacities. Of the 32 new grant recipients, 18 are PICs, seven are local government agencies, three are private nonprofit organizations, three are educational institutions, and one is a community-based organization. Two-thirds of the new program administrators (19 out of 28) are PICs. The remaining new program administrators are local governments (5), educational agencies (2), and community-based organizations (2). The distribution of grant recipients and program administrators by type of entity is shown in Table I.

TABLE I

DISTRIBUTION OF GRANT RECIPIENTS (GR) AND PROGRAM ADMINISTRATORS (PA)

Entity	GR and PA	GR only	PA only	# of SDAs	% of SDAs	% of SDAs a Year ago
Local Government	283	79	41	403	69.1	71.2
PIC	57	15	29	101	17.3	15.1
State/Governor	36	4	4	44	7.6	8.2
Educational institutions	27	3	3	33	5.7	5.3
Private Nonprofit	26	4	0	30	5.2	4.6
CBO	22	1	4	27	4.6	4.5
Other	22	5	30	57	9.7	10.5
	473	111	111			
	(81.1%)	(19%)	(19%)			

The relatively small number of changes in the grant recipient or program administrator was somewhat surprising. During NAB's first survey of SDAs in 1983, many interviewees indicated that time pressures often forced the local program to select a grant recipient or program administrator without giving proper consideration to all the options. Many of last year's respondents expected the SDA to make changes in their administering agencies during, or at the completion of, the transition year. That so few changes were made may indicate that PICs and local governments are generally satisfied with the relationships that were built and with the performance of the administrative entities that were initially selected.

SDA Funding Levels

JTPA requires that 78 percent of the Title IIA funds (core training money) be allocated to the service delivery areas through formula by the states. The remaining 22 percent of the Title IIA funds are retained by the governor for various specific programs (i.e., 3% for older worker training programs; 6% for performance incentives and technical assistance; 8% for education linkages; and 5% for state-level administration and other activities).

Like the majority of Title IIA funds, all funds under Title IIB (summer youth money) must be passed through by the states to the service delivery areas according to formula. Title III funds, on the other hand, go directly to the state for dislocated worker programs. States may choose to use the SDAs to operate Title III programs, but are not required to do so. The SDAs may also receive a limited amount of other non-JTPA federal funds as well as raise funds from other government or private sources for use in job training programs. In sum, while all jurisdictions receive Title IIA and Title IIB funds, the availability and use of other funds vary considerably from SDA to SDA.

Information was collected on the amount of various JTPA funds received by the SDAs for the program year which began July 1, 1984. As expected, the typical service delivery area received the greatest amount of money through its Title IIA allocation, and its second largest through Title IIB. On average, SDAs received $2.5 million in Title IIA funds and $1.3 million in Title IIB. The level of funding, however, among the SDAs ranged widely. For example, under Title IIA, it ranges from a low of $42,000 to a high of $46 million, which means that the largest Title IIA allocation is 1,100 times greater than the smallest Title IIA allocation. However, 90 percent of the SDAs have less than $4.5 million in Title IIA funds and half of the local areas have less than $1.7 million.

A review of the state set-aside and Title III funds reveals that substantial amounts of these funds bypassed the local jurisdictions and did not significantly increase SDA funding levels.[4] As shown in Table II, only 58 percent of the SDAs indicated that they received any eight percent education linkages funds. These funds often go directly from the governor's office to state or local education agencies. SDAs receiving eight percent funds averaged $186,000. However, fifty percent of these jurisdictions received less than $47,000 from this state set-aside.

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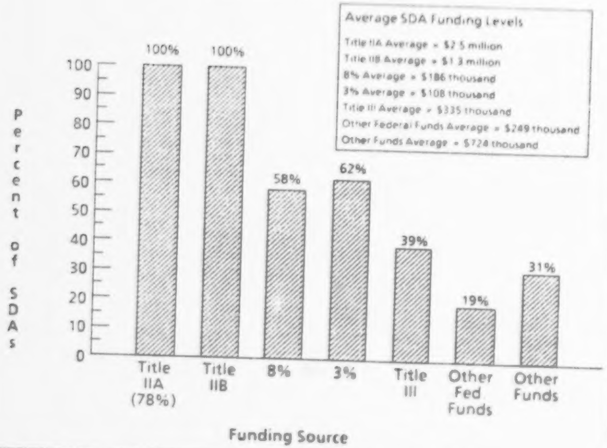
[4] Findings with respect to the six percent funds are not included since many states had not decided how they would use this state set-aside at the time SDA administrators were interviewed.

TABLE II

SOURCE OF SDA FUNDS



Slightly more SDAs reported receiving three percent older worker money than did those who received eight percent funds; 62 percent of the SDAs received some three percent funds. When funds were not funneled through the SDAs, they were often given to the state or area agencies on aging. The reported funding for SDAs receiving such funds ranged from a low of $2,000 to a high of $1.4 million, with an average of $108,000 among recipient agencies.

Only 39 percent of the SDAs received Title III dislocated worker funds. Many SDAs did not receive any Title III funds since they usually went to special projects targeted for areas with a high concentration of dislocated workers. Even in these areas, however, states often bypassed the SDAs. The typical SDA which received Title III funds received $335,000, with $11,000 being the smallest amount received by an SDA and $2.5 million being the largest.

Only 19 percent of the SDAs received any other federal funds (e.g., economic development monies, vocational education funds, adult education grants). Those SDAs which received these federal funds averaged $249,000; individual SDAs received from $3,000 to $2.3 million.

Thirty-one percent of the SDAs received non-federal funds from other state and local government programs or through private contributions. (Some local governments appropriate special funds for specific employment-related programs such as summer jobs for youth.) Although $724,000 is the average for those who received such funds, the range extends from $1,000 to $32 million with the higher levels usually resulting from special local government programs. However, more than half the SDAs with non-federal monies had received less than $100,000 in such funds; 90 percent of the SDAs had received less than $1.2 million at the time of interview.

Nearly twice as many incorporated private industry councils received non-federal funds as did unincorporated PICs; however, among those who received such funds, incorporation had little to do with the amount. The correlation between incorporation and receipt of non-federal funds is not surprising since a number of interviewees stated that the PIC's decision to raise private funds was a factor in the decision to incorporate. Furthermore, as indicated later, incorporated PICs are twice as likely to be actively involved in fundraising activities as unincorporated councils.

Geographic Types and Size of SDAs

Respondents were asked if the area included in the SDA's boundaries was predominately rural, urban, suburban, or mixed.[5] As illustrated in Table III, over one-third of the respondents (37%) classified their SDA as primarily rural while 16 percent of the interviewees indicated that their SDA was predominately urban (i.e., including a city with over 50,000 people). Only six percent of the interviewees believed their area was primarily suburban. The remaining SDA administrators typed their SDA as a combination: 13 percent each believed that their SDA was fairly equally divided between an urban and rural environment or was a mixture of all three types; eight percent stated that the local jurisdiction had a suburban and rural mixture; and six percent classified their SDA as being urban/suburban.

In spite of the fact that there was twice as many rural SDAs as urban, the total Title IIA monies for the program year beginning July 1, 1984 provided to the urban SDAs was nearly the same as the funds allocated to the rural areas ($346 million compared to $383 million). This means that, on average, an urban service delivery area received over twice as much Title IIA money as did its rural counterpart ($4.0 million vs $1.8 million). Together, the urban and rural jurisdictions accounted for more than half of the total amount of funds allocated for Title IIA programs this year (25% and 27%, respectively). Suburban SDAs, which make up six percent of all SDAs, were allocated almost six percent of the current Title IIA money ($77 million) for an average suburban SDA allocation of $2.2 million.

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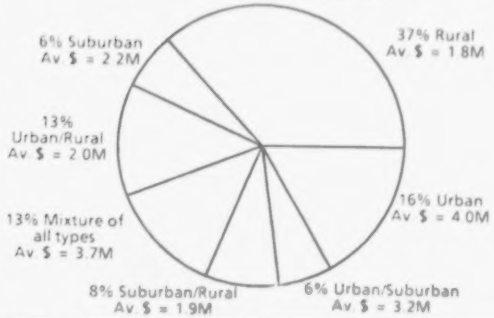
[5] Such classification was often dependent on the interviewee's perception of his area and does not necessarily coincide with the U.S. Bureau of Census definition.

TABLE III

GEOGRAPHIC DISTRIBUTION OF SDAS
WITH AVERAGE TITLE IIA ALLOCATIONS



The remaining geographic types of SDAs accounted for about 40 percent of all SDAs and 43 percent of the total Title IIA allocation for the 1984-85 program year. SDAs which were indicated as being a combination of all three types (urban/suburban/rural) received the largest portion of the remaining Title IIA funds (18.7% of the total, or $263 million). The typical SDA composed of all three types received $3.7 million. Local jurisdictions which are fairly equally divided between urban/rural, urban/suburban, and suburban/rural environments each accounted for 10.5 percent, 7.5 percent, and 6.0 percent of the total Title IIA allocation ($147 million, $104 million, and $84 million). The typical amount of Title IIA funds received by each type of SDA was: $2.0 million for urban/rural SDAs; $3.2 million for urban/suburban SDAs; and $1.9 million for suburban/rural SDAs.

Local Service Delivery Arrangements[6]

Outreach and Intake

Local SDAs are using a host of entities to provide participant outreach and intake services this year. Most SDAs (61%) use more than one type of entity to provide these services. The most widely used, however, is the SDA administrative entity itself; in 53 percent of the SDAs, the administrative agent is responsible for performing some or all participant outreach and intake services. The administrative agent is not only the type of entity used by the greatest number of SDAs for outreach and intake activities, but even where others are used, the administrative entity is generally responsible for providing these services to the largest number of people. In two-thirds of the SDAs which utilize the administrative entity to provide outreach and intake to clients, that organization was named as having the primary responsibility.

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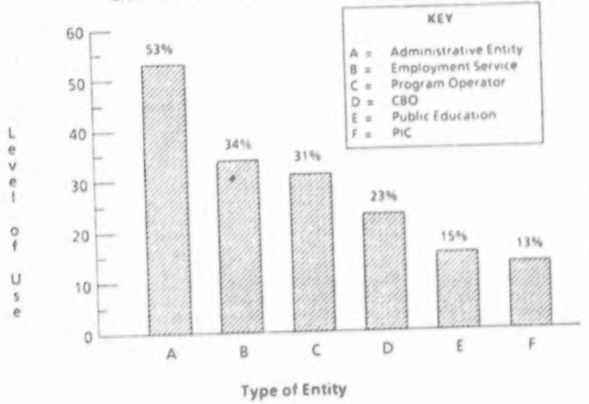
[6] In SDAs where more than four types of service deliverers are being used to provide client outreach and intake, training, or job placement activities, information was collected only on the largest four (i.e., those responsible for providing services to the greatest number of clients).

As shown in Table IV, about one-third of the SDAs (31%) require all or most of their program operators to do outreach and intake in addition to their training responsibilities. Other frequently used entitites include: the Employment Service (34%), community-based organizations (23%), public education institutions (15%), and the PIC (13%).

TABLE IV

ENTITIES USED FOR OUTREACH AND INTAKE



All other entities used by less than 10% of SDAs

SDA interviewees were asked whether their SDA had a policy of giving preference to economically disadvantaged participants who would benefit most from short-term training over individuals that require more or longer assistance (i.e., whether it gave priority service to the traditionally "hard-to-serve" rather than "easier-to-serve"). More than three-quarters of the local jurisdictions (78%) do not target their services to either group. Specifically, over half of the SDAs have no set selection policy or serve a combination of "hard-to-serve" and "easier-to-serve" clients (29% and 28%, respectively). Another 21 percent of the SDAs serve participants primarily on a first-come, first-served basis. The bulk of the remaining service delivery areas (nine percent of the total) have a policy of emphasizing services for the "hard-to-serve" (those who have the most needs) while only six percent of all SDAs intended to seek out clients with few barriers to employment.

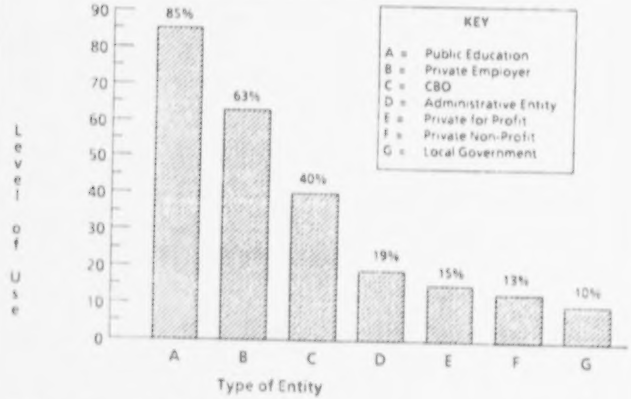
Some SDA administrators further commented that when entities other than the program administrator were required to perform the outreach and intake functions, the SDA provided them with clear guidelines as to what the make-up of their clients should be (e.g., the level of service to certain traditionally hard-to-serve groups should remain similar to that under FY '83 CETA programs).

Training

Most SDAs use a variety of entities to provide training to their participants -- only about five percent of the local jurisdictions use only one type of entity for training, while half of the SDAs involve at least four types of entities. The majority of the SDAs use both public education institutions and the private sector for providing training . (See Table V.) These findings support information discussed in later sections about the variety of training provided to participants.

TABLE V

ENTITIES USED FOR TRAINING



All other entities used by less than 10% of SDAs

By far, public education is the most common provider of training. Eighty-five percent of the SDAs use public vocational institutions, community colleges, and/or local high schools. Specifically, slightly more than two-thirds of the SDAs (68%) use the post-secondary public education system and 54 percent use secondary public education institutions. Furthermore, private-for-profit schools provide training in 30 percent of the SDAs.

Private employers, particularly small businesses, are the second major training agent; they provide training in approximately two-thirds (63%) of the SDAs, largely through on-the-job training contracts. Small and medium-sized employers (with fewer than 500 employees) have training responsibilities in 60 percent of the SDAs, while only 10 percent of the local jurisdictions contract with larger employers to provide training.

Community-based organizations, the third most common training entity, have agreements to provide training in two-fifths of the SDAs. The SDA administrative agent itself, non- educational private for-profit entities, private non-profit agencies, and local government agencies each provide training in less than one-fifth of the SDAs (19%, 15%, 13%, and 10%, respectively).

When comparing last year's 1983 survey data to this year's information, it appears that the same types of entities provided training during the transition and this year. Secondary and post-secondary public schools were the most widely used mechanism to provide training last year while small and medium-sized private employers were the second most commonly used training agent during the transition. Private-for-profit schools and CBOs tied for third place last year.

Furthermore, the SDA's geographic characteristics did not appear to influence the types of entities used for training in both years. Rural, urban, suburban, and mixed service delivery areas each generally relied upon a variety of training agents.

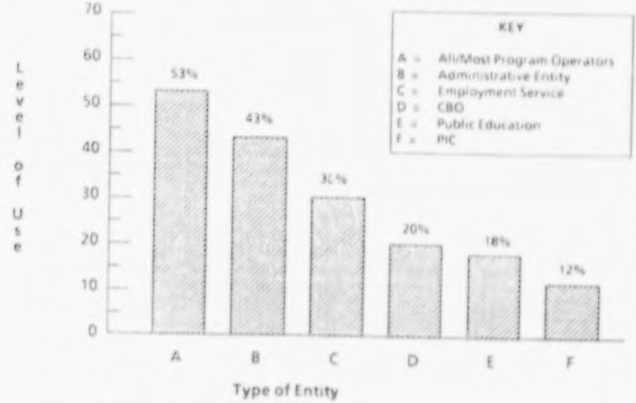
Job Placement

In most SDAs, several types of entities share the provision of job placement services. In only about one-third of the SDAs (35%) do job placement activities fall solely to one type of service provider. Information in Table VI illustrates that the contractors responsible for direct client training were the entities most frequently held responsible for job placement. Training program operators are responsible for job placement activities in over half of the SDAs (53%). This finding was expected given that almost 80 percent of or the SDAs are using some form of performance contracting, tying payment for training or services to client placement rates.

The SDA administrative entity provides job placement services in 43 percent of the SDAs, the Employment Service in 30 percent, and community-based organizations in 20 percent. Secondary and/or post-secondary public education institutions provide job placement services in 18 percent of the SDAs. PICs play a role in this function in 12 percent of the local programs.

TABLE VI

ENTITIES USED FOR JOB PLACEMENT



All other entities used by less than 10% of SDAs

Community-Based Organizations

The overwhelming majority of SDAs (81%) have contracted with at least one community-based organization (CBO) for training or services for the current year. The overall use of CBOs to provide training or services in the current year has increased slightly from an average of 3.8 CBOs per SDA in the transition year to the current year's average of four. The number of community-based organizations used by the SDAs varies widely, with as many as 100 CBOs involved in providing services or training for one SDA. Three-quarters of the SDAs, however, have four or fewer CBOs involved in their program, and 90 percent of the SDAs use less than 10 CBOs. Not suprisingly, urban areas tend to use far more CBOs than rural areas. On average an urban area uses 7.3 CBOs while a typical rural SDA uses three. SDAs comprised of a surburban/rural mixture, on average, use the fewest CBOs (1.7).

Less than one-fifth of the service delivery areas (19%) will use no CBOs to provide services or training this year as compared to 23 percent last year. One fifth of the SDAs not using CBOs this year are in rural areas which tend to have few or no available CBOs. In many cases, even when CBOs exist in rural areas, they are not set up to provide employment and training services and did not bid on JTPA contracts.

Relatively few of JTPA clients, however, will receive training or services from a CBO. Only 18 percent of the SDAs using community based organizations are contracting with them for training or services for more than half their participants, and only four percent of the total are using them for all their enrollees. The majority of SDAs in which most of the enrollees are receiving services or training from a CBO are located in urban areas.

About one-quarter of the service delivery areas will use fewer CBOs this year as compared to last year, or none at all. The reasons most frequently provided by respondents for the decline or lack of CBO use in these SDAs include: CBOs do not provide the type of training or service required by the SDA (30%); a policy decision was made by the PIC or SDA to use other types of contractors (20%); no CBOs are located within the SDA's boundaries (16%); CBOs were viewed as poor performers (15%); and CBOs are not seen as cost-effective service providers (14%).

Performance Contracting

As noted earlier, almost four-fifths of the SDAs (78%) are employing some type of unit cost performance contracting for their training providers. (There is a wide variety of approaches to performance contracting, ranging from withholding a small part of the final payment to holding back the entire payment until the client is placed in a training-related job. In all cases, however, full payment can only be made upon a training-related placement.)

More SDAs are using performance contracting now than during the transition year. Information collected in NAB's 1983 survey indicated that close to two-thirds (64%) of all local programs intended to use this approach for some portion of the contracts developed for transitional year activities, compared to 80 percent of the SDAs this year.

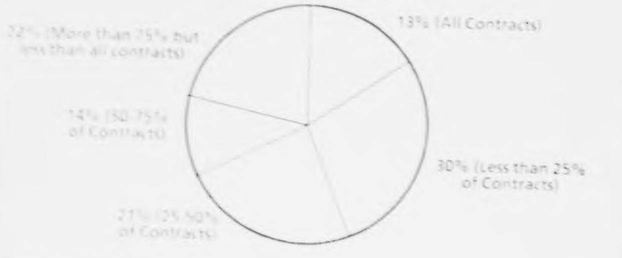
Data in Table VII show that one-third of the SDAs using performance contracting for their 1984-1985 programs are writing such contracts for at least 75 percent of their training programs (26% of all SDAs). In fact, 13 percent of the SDAs using performance contracting (10% of all SDAs) will use it for all their training programs. Another 14 percent of those using performance contracting, or 11 percent of all SDAs, will use this approach for one-half to three-quarters of their training contracts. Thus, half of the SDAs using this contracting method (39% of all SDAs) will use performance contracts for the majority of their contracts.

Supportive Services and Allowances

To maximize the amount of funds under the Act devoted to direct training activities for participants, JTPA requires that 70 percent of each SDA's allocation under Title IIA be spent on training. The remaining 30 percent of funds is divided between a maximum of 15 percent for administrative costs and the remainder for supportive services, wages, and allowances. The legislation allows a wide range of supportive services and allowances to be provided to enrollees.

TABLE VII

PERFORMANCE CONTRACTING*



* Chart depicts breakdown of only those SDAs utilizing performance contracting (78% of SDAs)

Supportive Services

The vast majority of SDAs provide clients with personal and/or vocational counseling ([illegible]), transportation assistance (90%), and child care assistance (82%). More than half of the SDAs (56%) provide health care assistance. However, most service delivery areas provide one or more of these supportive services only to particular enrollees (e.g., those who demonstrate substantial need or are in a particular training program) or only for a short period of time. Specifically:

- Nearly three-quarters of all SDAs (73%) provide some type of counseling to most or all of their clients without restriction. The bulk of the remainder (11% of all SDAs) provide it only to those who demonstrate substantial need.[7]

- While most SDAs provide some transportation aid, only 31 percent of the SDAs make it available to all their participants. One-quarter of all SDAs require that the participant demonstrate substantial need while approximately one-third (32%) of all SDAs restrict transportation assistance to participants in certain types of training.

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[7] The large number of SDAs providing vocational/personal counseling may be attributed to the fact that such services are often part of the SDA's standard assessment system. When such counseling is part of the normal assessment process, it may be paid for out of the 70 percent training money rather than the 15 percent usually set-aside to cover costs associated with supportive services. Data were not gathered on the number of SDAs which provide counseling solely as a supportive service.

programs. (Enrollees in on-the-job training programs, for example, are often not eligible for this service since they receive wages, and therefore can cover their own transportation costs.)

- One-quarter of all SDAs provide child care without restriction to all clients who want it; another 28 percent offer it only to those who demonstrate substantial need; and 17 percent limit it to those in specific training programs. Fourteen percent of all the SDA respondents indicated that child care was provided to JTPA enrollees by a third party through arrangement with, but at no cost to, the SDA. (Even though a number of SDAs do not provide child care assistance, or only provide it to a limited number of participants, many respondents in these local programs indicated that JTPA enrollees were often eligible for such services through other agencies. For example, welfare recipients in some cases are automatically eligible for child care assistance from the state.)

  In total 82 percent of the SDAs are providing child care services themselves, or through agreements with other organizations; this is not surprising given that over one-quarter of JTPA participants (27%) terminating from Title IIA programs during the transition year were welfare recipients, many of whom were receiving benefits and services under Aid to Families with Dependent Children (AFDC) during their participation in the program.

- Payment or reimbursement for health-related needs is usually available only in emergency situations, or in those cases where such services are necessary for obtaining or keeping a job. In no SDAs did the provision of health care assistance mean the purchase of health insurance. The two most common types of health care assistance provided by local employment and training systems were physical exams required as a prerequisite for obtaining certain jobs and the purchase of glasses.

Almost one-fourth (23%) of all the SDAs provide additional supportive services. Such assistance generally falls into one of the following three categories: special clothing, uniforms, or tools required for obtaining or succeeding in a job; meal reimbursement or allowance; and emergency short-term housing assistance. These types of supportive services increase an SDA's ability to serve some of those who are in greatest need.

Hourly Stipends/Cash Payments

Over half of the SDAs (56%) provide hourly stipends and/or cash payments to their participants.[8] Of these service delivery areas, 43 (8% of all SDAs) provide both cash payments and hourly stipends to at least some of the enrollees. Such payments, however, are usually provided with restrictions (e.g., only for in-school youth work experience or for those who demonstrate substantial need). In less than two percent of all SDAs are hourly stipends provided to all participants. Other types of cash payments are provided to all enrollees in a slightly higher percentage of all SDAs (5%).

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[8] There is no clear distinction between hourly stipends and cash payments. However, interviewees usually indicated that cash payments are substantially lower than hourly stipends. A figure often quoted by respondents for hourly stipends was the minimum wage, while $30 per week was frequently cited as the average cash payment.

In addition to the two percent providing stipends to all, another 20 percent of the local programs provide hourly stipends to some participants. In 64 percent of the SDAs which provide hourly stipends (14% of the total) only those individuals enrolled in certain training programs are eligible to receive this assistance. The bulk of the remaining SDAs which provide hourly stipends (26%, or 6% of all SDAs) limit them by policy to participants who demonstrate substantial need.

Many SDAs use cash payments instead of hourly stipends to subsidize participants. Forty-one percent of all SDAs provide cash payments on a weekly or other scheduled basis, usually with restrictions. Specifically, half of the SDAs providing cash payments restrict them to participants in certain types of training programs (e.g., on-the-job training enrollees are usually not eligible since they receive wages) while another 42 percent of these SDAs (17% of the total) provide them only to those who demonstrate substantial need.

Administrative Cost Limitation

Eighty-eight percent of the SDA respondents thought the 15 percent limitation on administrative costs had had or would have a substantial impact on the SDA's activities, administrative structure, and/or staff. Specifically, 81 percent indicated that the cap on administrative costs had an impact on some aspect of the program in the transition year; an additional seven percent believed the impact of the limitation was not significant last year but would be this year. Generally, those respondents who stated that the 15 percent limitation had no significant impact last year, but thought that it would this year, attributed the difference to CETA carry-over funds and special PIC planning grants -- funds available only in the transition year.

Almost all consequences of the 15 percent limitation were seen as negative. Of the four most commonly mentioned effects, the only one generally viewed as neutral or positive was the increase in performance contracts (28% of all SDAs). The three remaining impacts included: a reduction in specialization among staff positions (33% of all SDAs), decreased monitoring and evaluation activities (29% of all SDAs), and fewer staff (27% of all SDAs). Reduction in such areas as staff development and training, employment generating activities, and planning were also frequently cited (14%, 12%, and 11%, respectively, of all SDAs).

That so large a percentage of the total number of SDA respondents felt that the 15 percent limitation on administrative expenses had had, or would have, a negative impact on the SDA is not surprising given that half the SDAs receive less than $1.7 million in Title IIA funds (the funding source that makes up the bulk of the money in almost all of the SDAs). This means that half of the SDAs have less than $255,000 to spend for administration of their major program.

Linkages

Numerous provisions in the legislation underscore the philosophy that job training programs must be effectively linked with other human resource programs. In fact, JTPA mandates that publicly-funded employment and training activities be coordinated not only with the vocational education community, but with education in general, as well as with the Employment Service, public assistance agencies, programs for rehabilitation of the handicapped, economic development organizations, and other entities that the governor determines to have a direct impact on job training or human resource utilization within the state.

Because of the importance placed by law on linking JTPA activities and services with those provided by other human resource organizations, NAB asked SDA interviewees what types of written agreements for program year 1984 had been developed between the SDA and various human resource agencies.[9] Such written agreements may be financial, non-financial, or both. The financial agreements were most often contracts for services, rather than joint efforts with both parties contributing funds. Non-financial agreements were often for mutual referral of participants and, in a number of instances, substantive services were provided by both parties without an exchange of funds.

As shown in Table VIII, the Employment Service was the agency with which the largest number of SDAs had established formal agreements. Ninety-three percent of the local programs had developed written agreements with local Employment Service offices — 46 percent of the SDAs had non-financial agreements; 21 percent had financial arrangements; and 25 percent had both types. A large portion of these agreements were for recruitment, eligibility determination, and referral of participants to JTPA training.

Agreements with post-secondary schools and secondary education institutions were the second and third most common types. Eighty-six percent of the SDAs had written agreements with post-secondary schools and 82 percent had them with secondary education institutions. The plurality of such agreements were solely financial (50% for post-secondary; 40% for secondary). Slightly less than one-quarter of the SDAs had both financial and non-financial agreements with secondary and/or post-secondary education agencies (23% for post-secondary; 21% for secondary), while 13 percent had only non-financial agreements with post-secondary education institutions and 21 percent had similar arrangements with secondary schools.

About two-thirds of the SDAs had written agreements with welfare and/or vocational rehabilitation agencies. Specifically, 68 percent of the service delivery areas had agreements to work with welfare entities and a slightly smaller percentage (63%) had linkages with vocational rehabilitation agencies. The bulk of these agreements were non-financial in nature (56% for welfare; 48% for vocational rehabilitation).

Slightly more than half (52%) of the SDAs have agreements with economic development agencies, the majority of which were non-financial. Less than half of the local jurisdictions had developed contracts with unemployment insurance agencies or non-specified "other" types of entities (46% and 27%, respectively). Only seven percent of the agreements with unemployment insurance agencies or other non-specified agencies were financial.

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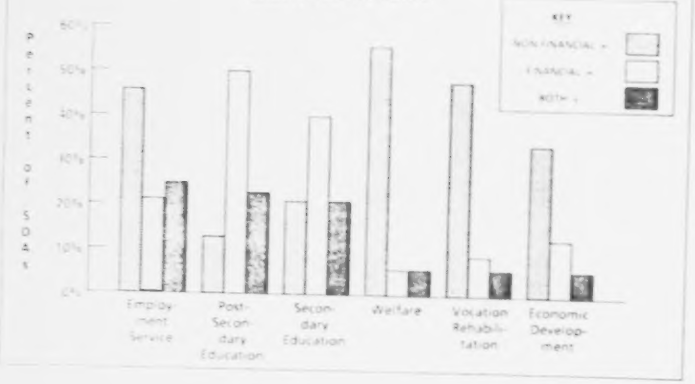
[9] In an effort to identify actual working relationships, the respondents were asked to list only those agreements which are written, even though substantive informal agreements for cooperation sometimes exist. Nevertheless, some of the written agreements are only pro forma and may not indicate any real efforts to collaborate. For example, some states require that all SDAs draw up agreements with selected agencies whether they intend to actually work together or not.

TABLE VIII

WRITTEN AGREEMENTS



SDA PERFORMANCE

Summary of Findings

- *JTPA Title IIA served approximately 600,000 individuals during the transition year. On average, 667 participants terminated from the typical SDA, 416 of these individuals found jobs.*

- *Although less than half of the SDAs surveyed (44%) met all of their performance standards during the transition year, five of the seven standards were met by at least 80 percent of the SDAs. On a national basis, four national performance standards were surpassed (three placement rate standards and adult cost per placement rate) and one was barely missed (adult wage at placement). The youth positive termination standard was not met. (The standard for youth wage at placement was not set.)*

- *Characteristics of those who terminated under JTPA Title IIA are very similar to those who terminated under CETA (Title IIBC, FY 83). For example, the level of service to welfare recipients was the same under the core JTPA and CETA programs.*

- *Almost half of the SDAs had trouble meeting their youth expenditure goal, but SDAs gave no single overriding explanation for the problem. While certain restrictions in the legislation may have stymied some SDAs, many others cited programmatic issues such as slow start-up and inadequate marketing.*

- *Most SDAs met or surpassed the percentage of welfare recipients the law required them to serve.*

- *After youth and welfare recipients, SDAs most often targeted high school drop-outs and minorities.*

Overall Performance

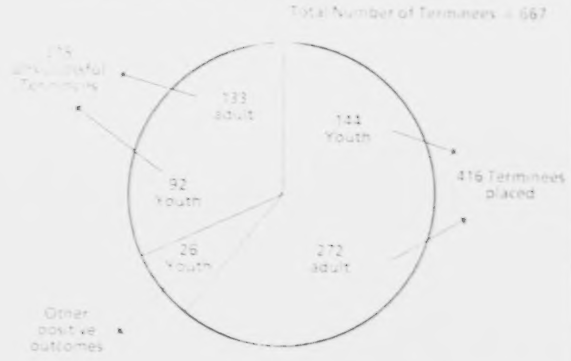
Approximately 600,000 individuals (360,000 adults and 240,000 youths) received employment and training services under JTPA Title IIA during the nine-month transition year. Although the average SDA served a total of 1,058 individuals (635 adults and 423 youth) the number of participants served by the individual SDAs varied widely. For example, four percent of the SDAs enrolled less than 100 adults and four percent enrolled more than 1,750 adults. Half the SDAs served 420 or fewer adults and less than 270 youths during the nine-month transition period.

The average service delivery area planned on serving about one-third more participants in this year's Title IIA programs than were served in the transition period. This means that the typical local program will enroll about 1,400 individuals. This fairly sizeable change in the overall level of enrollment largely reflects the increase from a nine-month to a 12- month program year. The ratio of adults to youth -- 60 percent to 40 percent, respectively -- is expected to remain the same for both years. Since many SDAs had problems meeting the requirement to spend 40 percent of Title IIA funds on youth even when 40 percent of their enrollees were youths, this ratio may indicate continuing shortfalls.

[illegible] of the participants (63%) terminated from JTPA Title IIA [illegible] during the transition period. An average of 667 participants left the program from the typical SDA; 416 of these terminees found jobs. An additional 26 youths achieved other positive outcomes such as returning to school, entering another training program, or joining the military. The average wage for those finding employment was $4.39 per hour: $4.53 and $4.05 for adults and youth, respectively. The remaining 225 terminees out of the total 667 who terminated from transitional year JTPA Title IIA programs were "non-positive" terminees. (See Table IX.) Some of these individuals (133 adults; 92 youth) left the program early with no job prospects.

TABLE IX

COMPOSITION OF AN AVERAGE SDA: TERMINATION DATA



SDA administrators were asked why they believed individuals left training before completing the program or finding a job. Over three-quarters of the respondents (77%) felt that the inability of the enrollee to resolve personal issues unrelated to JTPA training was a major factor in early and unsuccessful termination. In fact, almost half of the SDA administrators (43%) believed that this issue -- the enrollees' failure to cope with their personal affairs and take control of their lives -- was the primary reason for early termination. Such personal problems were diverse and ranged from marital discord to [illegible] to inability to get to training on time. Although the most common reason for early termination was believed to be the trainees' inability to resolve problems unrelated to JTPA, the two next most frequently mentioned reasons were directly influenced by the make-up of the program: insufficient stipends (53%) and lack of support services (23%).

Performance Standards

Respondents in 44 percent of the SDAs surveyed indicated that their SDAs met all of their performance standards for the transitional nine-month period. In many of the service delivery areas, however, respondents noted that the standards established for the SDA were adjusted, sometimes substantially, by the state from the 1984 national standards. Only two SDAs (less than one percent) failed to meet any of their standards.[10] Whether an SDA met all of its performance standards was not dependent upon whether the PIC was incorporated or whether the SDA was urban, suburban, rural or a mixture of geographic types.

Five of the seven performance standards were met by at least 80 percent of the SDAs: adult entered employment (90%); welfare entered employment (88%); youth entered employment (86%); adult cost per entered employment (84%); and adult average wage at placement (80%). Youth cost per entered employment was met by approximately three- quarters of the SDAs (76%). The youth positive termination rate appeared to be the hardest to achieve with only 72 percent of the SDAs meeting this standard.[11] Many respondents indicated that the relatively poor showing with respect to meeting their youth positive termination goal was due to the lack or late establishment of youth competencies by the SDA in the transition year.[12]

Average placement rates for total adults and welfare adults for the nine-month transition period were 68 percent and 54 percent, respectively. Youth achieved an entered employment rate of 54 percent and a positive termination rate of 65 percent. The adults had a non-positive termination rate of 34 percent; youths had a slightly higher non- positive termination rate (35%).

Under CETA, for Titles II BC for FY 1983, the adult placement rate was 47 percent while the youth placement rate was 31 percent -- both numbers substantially lower than those achieved during JTPA's first year of operation. As shown in Table X, for the transition period, the JTPA national performance standards were: adult placement rate (58%), welfare placement rate (41%), youth placement rate (41%), and youth positive termination rate (82%). Therefore, with the exception of the youth positive termination standard, the average SDA surpassed the national placement goals.

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[10] Respondents in 45, or 8 percent of the SDAs, did not know whether their SDA was successful in meeting any of their performance standards at the time they were interviewed. These SDAs were not used in the calculations.

[11] In NAB's initial summary release on survey findings, *What's Happening with JTPA? Highlights of NAB's 1984 Survey Data*, the percentage of SDAs which met one or more of their performance standards was inaccurately calculated and are higher than initially stated.

[12] Youth competencies are measures of success in employability development which must be established by the PIC (e.g., correctly filling out a job application, performing well in a job interview).

In spite of the high adult entered employment rate, on a national basis the average wage at placement for adults did not meet the JTPA standard ($4.90/hour). The average hourly wage for adult terminees at placement for the transition period was $4.83/hour. The youth average hourly wage was 79 cents per hour less -- $4.04 per hour. The average hourly wage for both youth and adults was $4.36 per hour. (No national standard was developed for youth terminating from last year's programs.) Fiscal year 1983 CETA data show that Title II BC terminees had an average hourly wage of $4.44 per hour. (There is no separate youth and adult breakdown for average hourly wage under CETA.) (See Table X.)

TABLE X

PERFORMANCE STANDARDS

	National Standard	JTPA	CETA
Adult placement rate	55%	66%	47%
Welfare placement rate	41%	54%	—
Youth placement rate	41%	54%	31%
Youth positive termination rate	82%	65%	—
Wage/adult	$4.90	$4.83 *	* $4.44
Wage/youth	—	$4.04 *	
Cost/adult placement	$5,900	$4,297	—
Cost/youth positive termination	$4,900	$4,488	—

The average cost for each adult placement achieved in the 1983-84 program was $4,297; the average cost per youth positive termination was slightly higher: $4,488. (A cost per entered employment for adults of $5,900 and cost per youth positive termination of $4,900 were established as national performance standards for JTPA transition year programs.)[13]

Services To Target Groups

SDA interviewees were asked whether their SDA was having difficulty spending 40 percent of their Title IIA funds on youth, which was the national goal established by JTPA but subject to state adjustment for local circumstances. Almost half of the SDAs (270 or 48%) indicated that they were having trouble meeting their youth expenditure goal. Sixty of the 270 SDAs (22%, or 11% of all SDAs) which were having difficulty were required by the state to meet spending levels higher than the 40 percent overall goal of JTPA. However, 76 of the 270 SDAs (28%, or 14% of all SDAs) having difficulty had spending requirements of less than 40 percent.

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[13] Comparable cost data are not available for CETA terminees given major differences in program design between JTPA and its predecessor (e.g., the inclusion of large work experience programs which paid a minimum wage stipend to all enrollees was a common program operated under CETA). The national cost standards for JTPA's transition year, however, are based on CETA cost data and altered to take into account JTPA stipulations and emphasis. These cost standards may therefore be used as a rough figure against which JTPA data can be compared.

Interviewees in the SDAs having difficulty cited low youth program costs as the most common cause of the low youth expenditures (29%, or 14% of all SDAs). This was followed, in order of frequency, by lack of stipends (28%, or 14% of all SDAs), slow program start-up (27%, or 13% of all SDAs), and inadequate marketing to youth (21%, or 10% of all SDAs). It thus appears that no one factor can be attributed as the cause for the shortcoming. Furthermore, neither the geographic type of the SDA nor the overall performance of the SDA appeared to have significant impact upon an SDA's ability to meet its youth expenditure goal. As noted earlier, SDAs were not planning on changing their ratio of adults and youth served this year which may indicate continuing problems in meeting the 40 percent expenditure requirement.

Ninety-one percent of the respondents stated that welfare recipients had been served equal to, or higher than, their proportion of the eligible population. This is not surprising given that JTPA mandates that persons receiving payments under Aid to Families With Dependent Children (AFDC) who are able to work be served equitably. Also, since welfare recipients often have income other than that made available by the training system and often have access to non-JTPA funded supportive services such as child care, welfare clients may be less affected by the 15 percent limitation on supportive services including wages and stipends; they are, in fact, a ready-made source of participants for many SDAs.

In those few service delivery areas that were not able to serve welfare recipients according to their incidence in the population (9%), lack of adequate coordination or referrals from the welfare office was the most common reason for low welfare recipient enrollment (37%). Lack of stipends and insufficient marketing and outreach ranked as the second and third reasons (21% and 21%, respectively).

The overwhelming majority of interviewees (82%) indicated that their SDAs had specified target groups in addition to youth and welfare. Further, such SDAs usually specified more than one target group. High school dropouts and minorities were the two groups most often targeted (51% and 44% of all SDAs, respectively). Single heads of household and handicapped persons each received special outreach and intake efforts in about one-third of the SDAs.

Respondents were asked if the SDA was having difficulty enrolling any particular group. Forty-six percent of the interviewees indicated that the SDA was having difficulty enrolling members of at least one group. By far, older workers (those 55 years and older) were the most frequently cited group -- over half of those with difficulties (56%) were having trouble attracting older workers. This is one-quarter of all SDAs.

Client Characteristics

Information in Table XI reveals that the characteristics of participants terminating from JTPA Title IIA programs during the first nine-month period appear very similar to those of participants leaving FY '83 CETA Title II BC programs:

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TABLE XI
CHARACTERISTICS OF TERMINEES

CHARACTERISTICS	TRANSITION YEAR TITLE IIA JTPA *	FY '83 TITLE IIBC CETA **
Females	48.1%	49.1%
Youth	29.0%	43.9%***
Welfare	21.8%	27.3%
Limited English Speaking	4.7%	4.3%
Handicapped	7.3%	8.3%
Drop Outs	26.5%	25.6%
White (non-Hispanic)	52.3%	51.1%
Hispanic	12.0%	11.9%
Black (non-Hispanic)	32.1%	32.8%
American Indian or Alaska Native	1.5%	1.2%
Asian or Pacific Islander	2.7%	1.2%

* Based on JTPA Annual Status Reports
** Transition Report No. 44, Quarterly Summary of Participant Characteristics, U.S. Dept. of Labor, Employment and Training Administration, [illegible]
*** Does not include Title IV of CETA which included substantial numbers of youth

Although the level of service to high school dropouts was slightly higher for participants terminating from JTPA Title IIA training programs than for those leaving FY '83 CETA Title IIBC programs, the level of service to high school graduates may, in fact, be greater under JTPA than under CETA. According to data based on the Job Training Longitudinal Survey (a sampling of JTPA participants in 194 SDAs) recently released by the Department of Labor, 62 percent of the enrollees participating in JTPA transition year programs were high school graduates compared to 57.4 percent of CETA FY '83 Title IIBC enrollees. An explanation for the difference is that there may be fewer in-school youth enrolled under JTPA than under CETA.

Unemployment Insurance Claimants

Until recently, participants in federal job training programs in most states could not continue to receive unemployment insurance benefits while in training because federal law required that recipients actively seek, and be available for work unless enrolled in a "state approved" training activity. The loss of benefits was not much of a problem under CETA since the majority of participants received stipends or wages. However, with JTPA's limit on stipends, and the prohibition on payment of wages, it was feared that many people receiving unemployment compensation would be discouraged from participating in federally-funded job training programs since they might lose their unemployment insurance benefits. As a result, Congress permitted unemployment compensation recipients who enrolled in JTPA dislocated worker programs to continue to receive their benefits while in training. JTPA also permits state unemployment benefits to be counted as part of the state match required for using federal funds.

It appears that most, if not all, states have changed their rules to allow JTPA enrollees to receive benefits while in training, at least on a case-by-case basis. Sixty percent of the SDA respondents said that participants in their program could automatically continue to get unemployment insurance benefits while in training; another 34 percent said that they could receive unemployment insurance benefits only on a case-by-case basis. Only five percent of the SDA respondents said that enrollees could not continue to receive benefits.

TRAINING ACTIVITIES

Summary of Findings

- *SDAs offer a well-balanced array of training activities. The percentage of enrollees participating in both OJT and classroom training has increased significantly over CETA, while work experience has decreased; yet, SDAs have avoided over-reliance on a single component. On-the-job, classroom skills training and pre- employment/motivational training each are expected to serve about 40 percent of all adult enrollees this year. Participants in multiple training activities account for the number exceeding 100 percent.*

- *Non-occupational classroom training was made available to considerably fewer participants than were enrolled in other types of training (less than 20 percent of all adults).*

- *Classroom training, primarily skills training, is by far the largest category of training expenditure.*

- *The majority of SDAs did not plan to significantly change the training mix in this year's adult and youth programs.*

- *One-third of all participants are expected to be enrolled in two or more major program components (e.g., OJT, classroom training). While the average length of training under Title IIA programs was 12.5 weeks and 12.8 weeks for adults and youth, respectively, considerably less than the average length of training under CETA, this level of sequenced training indicates that a substantial number of enrollees will receive more in-depth training. SDA interviewees also anticipated that participants would be enrolled for a longer period during the current year -- a time period closer to the CETA experience.*

Types of Training Offered

The overwhelming majority of SDAs have made a wide variety of training programs available to both adult and youth enrollees. All SDAs provide more than one kind of training for adults, and all but one SDA offers at least two types of training for youth. The overwhelming majority of SDAs have at least four different types of training available to their enrollees. Thus, almost all SDAs are offering a variety of training options and are not relying on a single, narrow approach. Almost all of the SDAs (at least 95 percent) offer classroom occupational skills training and a similar percentage provide on-the-job training. Non-occupational classroom training (e.g., basic education, GED, ESL) and motivational/pre-employment training were each provided by more than 80 percent of the SDAs.

In addition, at least 70 percent of the local jurisdictions offer structured self-directed job search programs, such as job clubs, to both youth and adult participants. Try-out employment, a new activity developed specifically for youth under JTPA, is being undertaken in almost two-thirds of the SDAs surveyed (62%), although the number of youth enrolled in these programs is low. Work experience is the only major activity that differs significantly between the youth and adult population. Less than half of the jurisdictions (47 percent of the SDAs) have adult work experience programs, while 59 percent of the local jurisdictions offer this activity to youth.

Enrollment Levels in Various Types of Training

SDA respondents were asked to estimate the percentage of adult and youth participants expected to be enrolled in the SDA's major training programs this year (beginning July 1, 1984).[14] Enrollment in pre-employment/motivational training and classroom skills training in an occupational area ranked highest for both adult and youth clients, with on-the-job training a close third for adults. Participation in work experience programs ranked lowest for both groups. Although it is not possible to determine exact percentages, the information in the following table indicates that a great many participants are expected to be enrolled in more than one training activity. (See discussion on Sequenced/Coupled Training.) Table XII shows the profile of the typical SDA's distribution of enrollees among the various activities.

TABLE XII

1984-1985 PLANNED ENROLLMENT LEVELS

TYPE OF TRAINING	% TOTAL ADULT	% TOTAL YOUTH
Non-Occupational Classroom (e.g., basic education)	17	25
Pre-Employment/Motivational	40	48
Classroom Skills	40	31
Job Search	28	26
On-the-Job Training	38	25
Work Experience	6	17
Try Out Employment	-	14
Other	2	3

The percentages for both youth and adult total well above 100 which indicates that many SDAs are planning on enrolling participants in multiple training programs.

Even though the data in Table XIII are not directly comparable, 30 percent of the participants in CETA FY '82 Title BC programs were in work experience while only six percent are expected to be enrolled in such JTPA Title IIA programs this year. (This substantial reduction in work experience reflects the limitations placed on this activity

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[14] These are planning estimates only and the quality of the responses vary significantly and depend on the way programs are planned in the SDA.

TABLE XIII

JTPA CETA ENROLLMENT LEVELS BY ACTIVITY

TYPE OF TRAINING	PLANNED JTPA WEIGHTED AVERAGE *	CETA FY '82 TITLE IIBC **
Non-Occupational Classroom	12%	58%
Pre-Employment/Motivational	24%	
Classroom Skills	20%	
Job Search	15%	
OJT	18%	13%
Work Experience	6%	10%
Try Out	4%	
Other	1%	3%

* Calculated using data in Table XII.

** Table F-3, Annual Employment and Training Report for the President, 1983.

in JTPA.) Both OJT and classroom training, however, show increases in the current JTPA Title IIA program over the FY '82 CETA Title IIBC program. Thirteen percent of the people enrolled in this CETA program were in on-the-job training compared to 18 percent of those expected to be involved in this year's JTPA program. Although it is impossible to determine the level of increase or decrease in classroom training programs between JTPA and its predecessor, it is clear that a large percentage of the total JTPA participants are anticipated to be enrolled in this activity. (Multiple enrollment in various types of classroom training activities under JTPA makes a direct correlation between JTPA and CETA information impossible.)

Changes in Training

The percentage breakdown of the overall training mix in this year's adult and youth training programs was not perceived to be significantly different from that of the transition year.[15] Specifically, 77 percent of the interviewees stated that the percentage breakdown among the various training activities for adult participants would remain stable between the two years, while two-thirds (67%) indicated the same for the relative enrollment levels among youth programs.

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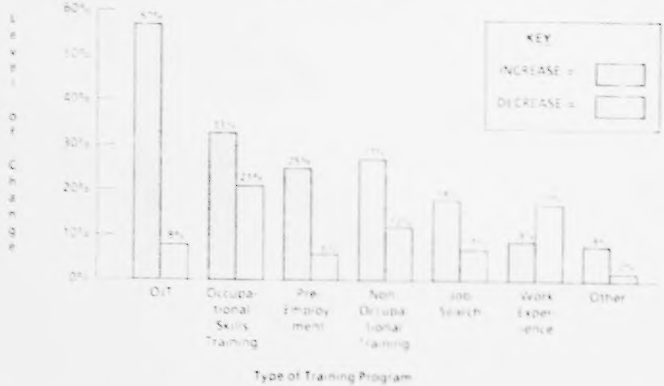
[15] Respondents were asked if the relative percentage of participants enrolled in this year's programs differed "significantly" from those offered during the 9-month transition. The term "significantly" was interpreted variously by the interviewees. Further, no data were gathered on the magnitude of the changes.

As shown in Table XIV, where changes were expected to occur with respect to the adult programs, they were primarily in the on-the-job and occupational skills training components. Over half of those who expected significant changes (57%) stated that a greater percentage of participants would be enrolled in on-the-job training programs and one third of them planned to offer more classroom skills training courses this year. (Only eight percent of the interviewees who indicated that the program mix would change significantly said that fewer clients would be enrolled in OJT, while 21 percent predicted decreased emphasis on occupational skills training programs.)

TABLE XIV
CHANGES IN ADULT TRAINING PROGRAMS
(23% of all SDAs)*



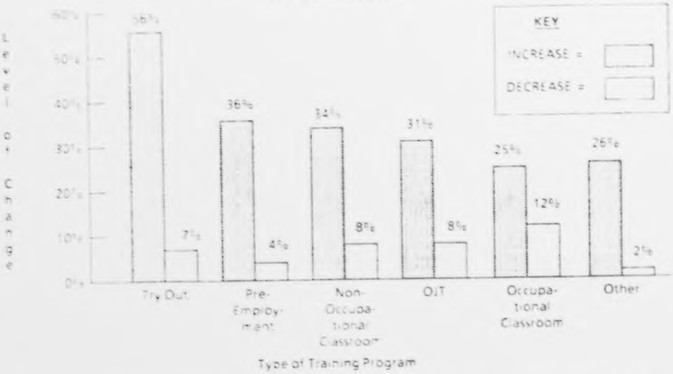
* Chart shows level of change only for those SDAs where enrollment in at least one type of program level changed significantly, i.e., only 23% of total number of SDAs.

About one-quarter of those anticipating changes in the adult training programs said that there would be more pre-employment training and non-occupational classroom training (25% and 27%, respectively); 18 percent planned on greater job search activities; nine percent anticipated more work experience; and eight percent expected a relative increase in the enrollment of clients in unspecified "other" programs.

The only adult program activity for which more SDAs expected a greater number of decreased enrollments than increased enrollments was work experience.[16] A decrease in adult work experience programs was planned in 17 percent of the sites. Less than 15 percent of those planning on changing their activity mix indicated that a smaller percentage of the adult participants would be enrolled in non-occupational skills training (12%), pre-employment training (6%), job search (7%), and other non-specified activities (3%).

Of those respondents anticipating changes in the distribution of youth among the various activities, the greatest change is in try-out employment. (See Table XV.) Over half of those SDAs (56%) are offering more try-out employment activities for youth; only seven

TABLE XV
CHANGES IN YOUTH TRAINING PROGRAMS
(33% of all SDAs)



* Chart shows level of change only for those SDAs where enrollment in at least one type of program level changed significantly, i.e., only 33% of total number of SDAs

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[16] SDA interviewees often stated that they planned increases in enrollment levels in some training activities without anticipating decreases elsewhere. This is possible because the total funds available increases in going from a nine to a 12-month program year, and those additional of funds may be used to increase funding to priority programs without reducing the number of participants in other activities.

percent plan on cutting back this activity. About one third of these SDAs intend to emphasize more pre-employment, and occupational classroom training, and on-the-job training activities for youth (36%, 34%, and 31%, respectively), while approximately one quarter will provide more "other" and occupational classroom training. A relative increased enrollment level in job search activities and work experience is expected in about one fifth of these SDAs (20% and 22%, respectively). Less than 15 percent of the SDAs will offer less training in any of the activities.

Length of Training

With respect to long-term vs. short term training, SDA interviewees were asked to estimate the percentage of the adult and youth participants expected to be enrolled in programs requiring different lengths of training: more than 24 weeks; 17-24 weeks; 8-16 weeks; and less than 8 weeks. Table XVI shows that the typical SDA planned enrollments in programs of the following lengths:

TABLE XVI

PLANNED LENGTH OF TRAINING

	ADULT	YOUTH
More than 24 weeks	22%	26%
17-24 weeks	39%	36%
8-16 weeks	27%	26%
Less than 8 weeks	12%	12%

In spite of the fact that about one-quarter of the clients in the typical SDA are expected to be involved in JTPA training requiring more than 24 weeks, approximately one-fifth of the SDAs anticipate that none of their participants will be enrolled in these longer-term programs (17% for adult; 19% for youth). Thirty-nine percent and 44 percent of the SDAs, however, are not planning on offering any training programs less than two months in duration for adult and youth participants, respectively.

The average participation time for adult terminees in Title IIA training programs during the transition year was 12.5 weeks; the average length of training for youth was similar at 12.8 weeks. Given that almost two-thirds (61%) of the participants in the average SDA are expected to be enrolled in programs operating more than 16 weeks, while another 27 percent are planned to participate in activities of an 8-12 week duration, it appears that many SDAs are expecting that many more of their enrollees will be involved in long-term training programs than was the case during the transition period.[17]

Under CETA, for FY '83 Title IIBC, the average length of training for adults was 22.2 weeks and for youth, 20.9 weeks. The longer participation in CETA may in part be explained by the considerably higher use of work experience under CETA than under JTPA. Under CETA, work experience typically lasted 26 weeks while other types of training were generally shorter.

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[17] It should be noted that the average time of participation is not exactly comparable to planned length of training. The average participation period is lowered when a participant drops out before completing the planned length of training.

Sequenced/Coupled Training

JTPA administrators were asked to estimate the percentage of the SDA's participants expected to be involved in sequenced or multiple training programs. On average, almost one-third of the enrollees (32%) are expected to participate in more than one program.[18] One-third of the SDAs planned on having no more than 10 percent of their clients participate in multiple activities, and one-fifth of the SDAs expected that more than half of their participants will receive training in at least two activities. The remaining 47 percent indicated that between 10 and 50 percent of their enrollees would participate in more than one kind of training. Five percent of the SDAs planned that all participants would be involved in multiple training programs.

Although the average length of training for both adult and youth participants terminating from transition year JTPA programs was between 12 and 13 weeks, the substantial percentage of enrollees expected to participate in multiple training activities may indicate that while some people are involved in short-term activities, others are receiving more in-depth training. Also, the fairly substantial number of participants anticipated to be involved in more than one component implies that SDAs are, indeed, expecting to have participants enrolled in JTPA programs for a longer period this year than last year.

Classroom occupational skills training followed by on-the-job training were the two training components most frequently coupled by the SDAs (24%). Slightly fewer SDAs (22%) are offering a combination of non-occupational classroom training and classroom skills training while 15 percent of the SDAs provide non-occupational classroom training coupled with on-the-job training as a common multiple training combination. Motivational training coupled with a classrooom occupational skills component or structured job search program are training sequences used less frequently (10% and 9% of the SDAs, respectively).

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[18] The data shown in Table XII would seem to indicate that more than one-third of the participants are expected to be enrolled in multiple training programs. There may be two reasons for this: First, some participants may be enrolled in more than two activities, and therefore would appear more than two times; and second, SDA respondents often did not include participants who were enrolled in activities generally of short duration or those taken in preparation of the core program (e.g., pre-employment training or job club) as multiple program enrollees.

PRIVATE INDUSTRY COUNCIL ORGANIZATION AND ACTIVITIES

Summary of Findings

- *The average PIC continued to consist of 25 members, with 14 of those members from the business community. Almost two-thirds of the business members were from businesses of less than 100 employees. Nationwide, there is equal representation by chief executive officers and other business executives.*

- *Attendance by all members was good and turnover was low, with turnover usually resulting from personal reasons and not from frustration or dissatisfaction with JTPA.*

- *Both PIC chairs and SDA staff were consistent in their positive assessment of the PIC's role and impact, reinforcing the fact that both the public and private sectors had generally developed mutually satisfactory relationships.*

- *Business involvement appears to have increased since the beginning of JTPA with the PICs having more substantial functions in many areas compared to the transition year.*

- *About 250 PICs are now incorporated — over 100 more than last year. Incorporation does not seem to have a significant effect on program results, but is associated with greater PIC involvement in certain key SDA activities.*

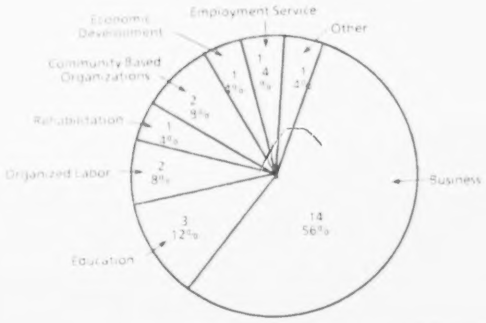
PIC Composition

Although individual PIC membership varies considerably — from a low of 13 members to a high of 122 — the average PIC consist of 25 members, 14 of whom (56%) are representatives from the business community. About 8,500 business volunteers are serving on PICs nationwide. As shown in Table XVII, the breakdown of representatives on an average PIC is: 14 from business, three from education, two from organized labor, one from vocational rehabilitation, two from community-based organizations, one each from economic development and the Employment Service, and one other who is generally a representative of a particular client group, public assistance agency, or local elected official. (These findings are identical to those found by NAB in its 1983 survey of all SDAs.)

Of the 14 private sector members on the typical PIC, the majority (9) represent businesses with less than 100 employees. Three private sector members represent medium-sized companies (100 - 500 employees) and two represent large firms (over 500 employees). Therefore, of the 8,500 business volunteers serving on PICs across the country, approximately 5,400 represent small business; 1,800 represent medium-sized companies; and 1,200 represent large firms. Not surprisingly, it is far more likely for the representatives from large firms to serve on boards in urban and suburban SDAs rather than in rural jurisdictions. In fact, respondents from some rural SDAs indicated that, due to the scarcity of large businesses in their areas, the recruitment of PIC representatives from such companies is difficult, if not impossible.

TABLE XVII

COMPOSITION OF AVERAGE PIC



Among all private sector members, about half are chief executive officers. In fact, some states require that PIC members be chief executive officers or persons holding similar positions of authority. Over two-thirds (77%) of the chief executive officers serving on private industry councils are representatives of businesses with fewer than 100 employees.

PIC Member Turnover

PIC member turnover was low. Four of the 25 members on the typical PIC resigned or left since their initial appointments, with three of the four being business representatives. Interviewees in both the large SDA survey and the PIC chair study were asked to provide reasons for the private sector turnover.

Both the PIC chairs and the SDA staff most often attributed private sector turnover to reasons unrelated to JTPA. Such reasons as "moved to another city," "left the company," or "poor health" were noted by 71 percent of the PIC chairs and 66 percent of the SDA administrators. Other commonly cited reasons included: PIC membership required too great a time commitment (61% of both the PIC chairs and SDA interviewees), and removal from the PIC by its bylaws or chair because of poor meeting attendance (35% of the PIC chairs and 17% of the SDA administrators). Leaving at the end of the PIC's normal term of service was also cited by both sets of respondents (PIC chairs: 11%; SDA staff: 12%). Less than 10 percent of the respondents in either survey attributed private sector resignations to such issues as disagreements with SDA staff or with the local elected official, or to a member's belief that the PIC was ineffective or had too little authority.

SDA interviewees were asked if the PIC had problems maintaining or replacing members. A fairly small number (12%) indicated that during the transition year they had difficulty recruiting new members or keeping PIC volunteers. In over one-third of the SDAs (38% or 6% of all SDAs' where such problems were said to exist, excessive time requirements placed on PIC members was cited as the reason for the PIC's difficulty in maintaining full membership. Lack of a sufficient or aggressive recruitment strategy was the second most common reason, noted by 12 percent of those having problems in this area (2% of all SDA respondents). The business community's perception that the PIC was ineffective and state imposed restrictions on membership (e.g., only chief executive officers could sit on the PIC) were each cited by 10 percent of the respondents from SDAs with member recruitment or retention problems, or 2 percent of all SDAs.

Operation of PICs

About two-thirds of the PICs meet monthly (62%) with most of the others meeting either bi-monthly (19%) or quarterly (12%). Overall PIC attendance averages 72 percent, while average private sector attendance is slightly lower -- 69 percent and 70 percent according to SDA and PIC chair respondents, respectively. Only two percent of the PIC chairs and six percent of the SDA administrators indicated that business member attendance was generally less than 50 percent.

PIC Incorporation

Forty three percent of the private industry councils were incorporated at the time of contact. An additional seven percent of the PICs planned on incorporating during the year. (Data from the 1983 survey of all SDA showed that one-quarter of the PICs were incorporated at the time of contact while just under one-quarter planned on incorporating.)

While there is not significant difference in Title IIA allocations between incorporated and unincorporated private industry councils, as indicated earlier, incorporated PICs are almost twice as likely to be recipients of non-federal funds as are unincorporated PICs. Other differences noted between incorporated PICs and those not incorporated include staffing, status as the administrative entity, and role in the SDA's major activities -- incorporated PICs are five times more likely to have staff of their own (53% vs. 9%); six times more likely to be the administrative entity (75 SDAs vs. 5 SDAs); and are somewhat more likely to have a significant level of involvement in most key SDA activities (e.g., planning, selection of training, selection of contractors).

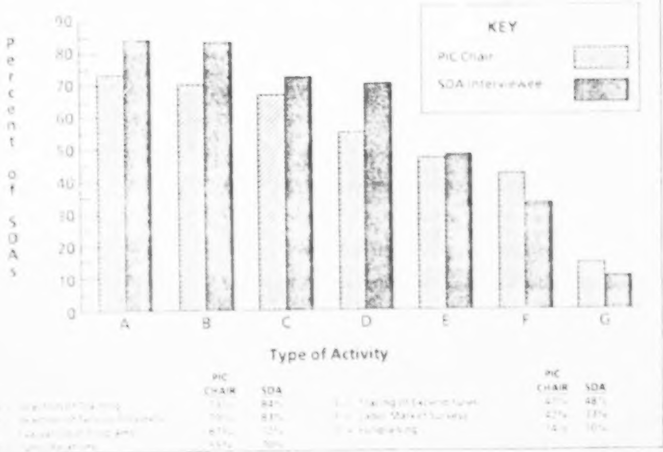
PIC Involvement

Generally, both the private sector interviewees and the SDA administrators said private industry councils were significantly involved in the planning and administration of the local programs. Eighty-two percent and 80 percent of the PIC chair and SDA respondents, respectively, stated that the PIC played a significant role in overall planning and policy development for the SDA. (See Table XVIII.)

With respect to specific activities, more than two-thirds of the PIC chairs cited three areas where they perceived their PIC to have substantial involvement: selection of types of training (73%); selection of service providers (70%); and evaluation of training programs (67%). These same three activities were ranked highest by the SDA respondents, although a somewhat larger proportion of the SDA staff saw their PICs as being

TABLE XVIII

LEVEL OF PIC INVOLVEMENT



significantly involved in these areas: selection of types of training (84%); selection of service providers (83%); and program evaluation activities (72%).

Over half the respondents from both surveys indicated that the PIC played a substantial role in public relations activities and outreach to the business community. Again, more SDA respondents generally believed that the PIC played a substantial role in these areas than did PIC chairs. Fifty-five percent of the private sector respondents stated that the council devoted substantial time and energy to these two activities, while 70 percent of the SDA staff responded likewise.

Both the PIC chairs and the SDA administrators ranked the same three areas lowest in terms of PIC involvement: tracking enrollments and expenditures on a regular basis, labor market surveys, and fundraising. Close to half of the respondents in each survey viewed the PIC as being substantially involved in the tracking activity (47% of the PIC chairs and 48% of the SDA interviewees). Significant involvement by the PIC in activities related to labor market surveys was cited by 42 percent of the business interviewees and one-third of the SDA staff. Fundraising was rated as the activity in which the fewest number of PICs had substantial participation (14% of the PIC chairs and 10% of the SDA respondents).

Incorporated PICs show a somewhat higher level of involvement in most SDA activities. The difference is greatest in the area of fundraising, in which the incorporated PICs are twice as likely to be actively involved as are unincorporated private industry councils.

Changes in PIC Role

Slightly more than half (51%) of the PIC chairs said that the role and functions of the PIC had changed in major ways over the last year. By far, the most common changes mentioned were those indicating an increased role or level of involvement of the PIC members in the local program. A greater role in policy development and planning, operational decision-making, and determining the SDA's training activities led the list of changes cited (29%, 27%, and 15%, respectively). Only two of the 83 chairs interviewed indicated a decline in involvement on the part of the PIC in the SDA's operations and, in one of these cases, the cited reason was greater confidence by the PIC members in the staff's capabilities.

PIC Member Satisfaction

As part of the PIC chair survey, the interviewees were asked whether their colleagues who serve on the PIC were generally satisfied with the council's role and level of responsibility. The overwhelming majority responded affirmatively. Nearly three-quarters (71%) of the chairs interviewed indicated that the private sector PIC members were generally pleased with their involvement in the local program. Furthermore, another 17 percent indicated that the members were generally satisfied but had concerns in certain areas. Only 12 percent of the chairs indicated that PIC business members were dissatisfied on the whole.

Among the 24 PIC chairs expressing dissatisfaction, either in specific areas or in general, the most commonly mentioned problem (noted by 12 of the 24) was disagreement with state staff over policies or procedures mandated by the state agency responsible for the JTPA, or the timeliness or manner with which the state agency responded to SDA requests. The second most frequently mentioned area (noted by 10 of the 24) was that too much paperwork was required of PIC members and that dealing with it was too time- consuming. Seven out of the 24 chairs indicating some level of dissatisfaction mentioned that PIC member unhappiness stemmed from the perception that SDA staff and operations were dominated by local elected officials; seven of these 24 also said that disagreement among the various local elected officials hampered the PIC.

Staffing

In the overwhelming majority of service delivery areas, private industry councils rely on information and support provided by the staff of the administrative entity, which is often a local government agency. Only slightly more than one-quarter of the PICs (28%) have staff that report directly to them. (In half of these cases, the PIC is the administrative entity or the grant recipient.)

Incorporated PICs are far more likely to have staff than those not incorporated. Fifty-three percent of the incorporated PICs have staff while only nine percent of the unincorporated PICs have their own employees. This is true whether or not the PIC acts as the administrative entity. Incorporated PICs that are not the administrative entity are twice as likely to have staff as are unincorporated PICs. Of course, most PICs (94%) that are the administrative entity are incorporated and have staff.

Generally, PIC chairs were satisfied with the level and competence of the support provided to the council. Over 70 percent of the chairs indicated that there were no unresolved problems between the PIC and SDA staff and many, in fact, commended the staff's performance. Of those raising concerns, the most commonly mentioned problem (cited by nine out of the 22 expressing concerns) was a frustration with slow and cumbersome government operational procedures and policies. Conflicting goals between the PIC and local elected officials were mentioned as a problem by seven of the 22 indicating problems. Too much paperwork, inadequate responsiveness to PIC requests, and an overly bureaucratic style were each mentioned by five of the 22 respondents as having a negative impact on SDA operations.

Significantly fewer SDA administrators (7%) than PIC chairs (27%) stated that there were existing unresolved problems between the PIC and the SDA staff. Where SDA interviewees noted that such problems existed, they were usually attributed to one of two issues: conflict over the role of the PIC, or disagreement between the chief elected official and the PIC over the goals or emphasis of the local program.

ANALYSIS OF STATE AND LOCAL RELATIONS

Summary of Findings

- *About half of the SDA administrators indicated that they were dissatisfied with state JTPA administration. However, two thirds of those dissatisfied are concentrated in 12 states.*
- *PIC chair views are at best mixed concerning the effectiveness of the State Job Training Coordinating Council in developing statewide policies, in making a difference in local JTPA programs or in involving business people with JTPA.*
- *States have designed a variety of individual reporting systems for their SDAs; the amount and type of information requested varies considerably as does its value to SDA day to day management of the program.*

SDA Satisfaction with the State

Slightly more than half of the SDA interviewees (55%) indicated that they were generally satisfied with the performance of the state agency and staff charged with the oversight of local JTPA programs.[19] State-specific data show that all the JTPA administrators in six states were generally pleased with the state's performance. Such states were those having relatively few SDAs (less than 12). At least two-thirds of the SDA respondents in another 11 states were satisfied on the whole with state procedures and staff as were half or more of the interviewees in 12 additional states.

Over half (58%) of the SDA administrators who expressed dissatisfaction with the state were concentrated in seven states; and two-thirds of them were located in 12 states. These states had the largest number of SDAs and the largest Title IIA allocation. In only one state were all the respondents unhappy with the state. Most of the SDA administrators not pleased with the state's performance listed more than one area with which they were dissatisfied. Of those not satisfied, the most frequent reasons cited included: too much paperwork is required; state staff is too slow in responding to SDA requests; state staff lacks the necessary experience and knowledge; time frames imposed by the states are unrealistic and too tight; and the state is much too prescriptive overall. Each of these reasons was provided by approximately 15 percent of the total number of SDA staff interviewed, or one-third of those who expressed dissatisfaction.

SDA interviewees were asked in which areas the state had provided good assistance. Most interviewees noted at least two areas in which they felt the state was particularly effective. Almost one-half of the respondents (46%) cited good general technical assistance, and 34 percent noted good technical assistance on the establishment of management information systems. The next most frequent answers were: concise and well written policy statements, clear definitions of cost categories and reporting requirements, and good assistance in developing performance standards (each mentioned by about 10 percent of the SDAs). Almost one-fifth of the SDA respondents (19%) could note no areas in which the state had provided good assistance.

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[19] Questions pertaining to the state were not asked of SDA administrators in statewide service delivery areas.

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These same interviewees were also asked in what areas the state had been over-prescriptive or otherwise caused problems. Approximately two-fifths of the respondents (39%) felt that the state was overly prescriptive in its reporting requirements and the amount of paperwork it required, while over one-fourth (29%) indicated that the state was overly prescriptive in the definition of cost categories. Other areas not as frequently cited included: restrictions on PIC member configuration (15%), specific aspects of coordination criteria (13%), and interference with the selection of target groups (10%). In 26 percent of the SDAs, however, no problem of any kind with the state was mentioned.

State Job Training Coordinating Council

The PIC chairs were asked two questions about the perceived effectiveness of the State Job Training Coordinating Council. They were first asked if the state council was useful in developing statewide policies and activities that made a difference in the overall effectiveness of the local JTPA programs. Of the 77 respondents who had an opinion, 42 percent felt that the council was useful in this regard; 31 percent felt it was only somewhat helpful; and 27 percent believed it was not useful at all. (Six of the respondents indicated that they were not familiar enough with the state council to respond to the question.)

PIC chairs were also asked whether the state council was effective in attracting private sector or employer involvement in the JTPA. The breakdown of responses is similar to that found in the first question dealing with the state council. Of the 74 chairs who had an opinion, 42 percent indicated "yes, the council was effective;" 26 percent said "no, it had no substantial impact;" and 32 percent felt the council was "somewhat effective." Nine of the PIC chairs held no opinion.

Compliance Reporting and Management Information

Under the decentralized management system of the Job Training Partnership Act, the state has a primary role in the reporting of participant characteristics (age, race, sex, welfare status, etc.) and performance data (job placements, positive terminations, costs, etc.) for all federally funded employment and training programs. Enrollments and general characteristics must be reported to the U.S. Department of Labor quarterly and a more detailed Annual Status Report (covering such information as number of enrollments and terminations, detailed termination characteristics, and youth and adult program costs) must be submitted on the major programs for each service delivery area after the end of each program year. Although the comprehensive SDA survey was not designed to study state and local management information systems, a number of issues were uncovered in the course of interviewing SDA administrators.

Although the states are required to collect and report the information according to standardized national definitions, they have been left free to design and implement any reliable and accountable reporting systems for their respective service delivery areas. These reporting systems must include at least the information required by the federal government but may also include other information which the state believes may be beneficial to the SDAs or necessary to the carrying out of other state responsibilities under the Act.

States have exercised a great deal of latitude in designing their individual reporting systems for Title IIA participant characteristic and performance information. Most state JTPA administrations appear to have taken considerable care in developing credible reporting systems. (Thirty-one percent of the SDAs credited the states with providing good technical assistance on reporting systems.) Many states are using up-to-date computer technology to gather and process the information in a timely and accurate manner.

Nevertheless, the short time allowed to develop these complex systems (often with no previous statewide system in place) has left many of them with some apparent drawbacks. For example, in many states the first priority went to designing systems for compliance reporting without much attention being given to the utility of the information for local SDA management purposes. In those states, SDAs which did not have reliable manual backup systems were left virtually without information on the progress of their local program during the year. Even in states where there was regular feedback of information to the SDAs, there was often little training for SDA staffs (especially the many new SDAs without previous employment and training experience) by the states in the use of the information for management purposes.

The amount of information gathered also varied widely among the states. The federal reporting forms require the minimum information needed to track the progress of the program from a national perspective, but not enough information for experienced employment and training managers and planners to design and evaluate their programs. In states which gathered only the minimum information needed for federal reporting systems, the value of the state systems to local SDAs was sharply curtailed.

At the other end of the spectrum, some states required extremely detailed information (based on CETA reporting requirements or on an apparent overzealousness for tracking of SDA activities and performance on the part of state administrators). In addition, the financial and participant reporting systems were not always consistent between the various state administered JTPA programs and Title IIA. In such cases, the amount and the inconsistency of reporting was considered an unnecessary administrative burden, especially for smaller SDAs which have very limited administrative funds.

CONCLUSION

The Job Training Partnership Act has caused significant changes in the way job training programs are conducted. As with any new legislation, those involved in implementing JTPA must move through several key stages. First, they must forge new institutions and relationships. Then, while minimizing disruptions in service, these institutions must plan new programs and begin to operate them. Over time, programs have to be refined. Finally, impact needs to be assessed to determine the effectiveness of the programs -- whether or not they operated efficiently in making a difference to the people served.

The first nine months of JTPA and the initial steps taken prior to that time have shown encouraging progress in moving through the stages outlined above.

New public/private partnerships evolved. While these efforts were initially difficult, the public and private sectors struck new balances of power that have remained stable and mutually satisfactory. In most cases, the partners have resolved their differences, and their relationships under JTPA have not required major shifts in roles or caused major disruptions in service.

The private sector volunteers have shown a continuing level of commitment and have generally increased their role as the nine-month transition period ended. The roles and functions of the PICs have tended to increase, and with them, business involvement. Turnover has been low and members who left the PICs generally did so for reasons unrelated to frustration with the program. Despite the time commitment required, most business members attend meetings regularly, usually monthly, and the majority of members are satisfied with their roles and responsibilities.

Although planning was often rushed, many of the activities undertaken during the nine-month transition period have been very positive. Five of the seven performance standards were met or exceeded by 80 percent of the SDAs. This means that overall more adults and youth were placed in jobs and at lower costs per placement than stipulated in national standards.

SDAs have established multi-faceted training programs. Although many people had expressed concern about over-reliance on on-the-job training, the past nine months' experience and anticipated activities for the current year point to extensive use of classroom skills training as well as OJT and pre-employment and motivational training. The wide variety of training providers in most SDAs further points to the variety of training designs.

It is also a positive sign that there has been an effort to reach out to other agencies to take advantage of their programs and services. While these efforts are not yet well developed in many areas, it is encouraging to note the large number of written agreements between the administrative entity and Employment Service offices, secondary and post-secondary education institutions, welfare entities and rehabilitation agencies.

The findings of the first nine months also indicate that program success (in terms of such factors as performance measures, client characteristics, and good public/private relationships) depend almost entirely on local capability and initiative. With the exception of concerns raised over the 15 percent administrative funds limitation, survey respondents did not consistently associate program problems with JTPA's legislative requirements or other external factors. This finding is consistent with the intention of the law to place both responsibility and authority at the local level.

To be sure, there are issues to be watched. With only nine months completed in the program at the time of the survey, there had been little time to refine programs to address problem areas. How SDAs and states respond to some of the challenges of these key issues will, in fact, determine the eventual impact of the program. The following areas are some in which analysis remains inconclusive.

Although there are indications of problems, state/local relationships are difficult to assess overall. Almost half of the SDAs expressed dissatisfaction with the states, and many PIC chairs judged SJTCCs to be marginally or not at all effective. Yet, many of these dissatisfied SDAs were concentrated in a limited number of states, a finding which suggests that the majority of states are resolving their differences with their SDAs. State/local relationships will continue to be tested particularly by such factors as increased demand for technical assistance and the new challenges of the next two-year planning cycle.

JTPA's impact on participants cannot yet be assessed; none of the studies to date, including this one, have been able to draw definitive conclusions. We do know that the characteristics of those being served are very similar to those served in the final year of Titles IIB and C of CETA and that 94 percent of the participants are economically disadvantaged. SDAs which have experienced problems recruiting and keeping participants in the program offer a variety of explanations. While some attribute problems to restrictions in the legislation (e.g., lack of stipends or supportive services), a large majority cite other issues (e.g., slow start-up or poor marketing), indicating that problems may result less from legislative mandates and limitations than from local programmatic design issues.

Average length of participation in the first nine months of JTPA was less than that under CETA; the impact of this change on the type of client served and on the overall program cannot yet be judged. While certain participants moved quickly through the program, others received more indepth services over a longer period. Furthermore, at the time of interview, SDA respondents were anticipating longer enrollment periods for the current year when compared to last year's.

The law encourages SDAs and states to negotiate adjusted performance standards to reflect the kinds of people being served and the types of services being offered. It is unclear whether SDAs and states will take advantage of these opportunities, or simply respond more narrowly to placement requirements. This may prove to be an increasingly pivotal issue. Given the existing standards, there may be a tendency for some SDAs to try to "beat" the numbers and a reluctance to alter program design, or to serve certain "hard- to-serve" groups which may require adjustments to lower performance standards. On the other hand, recent discussions to change performance standards to emphasize retention and earnings gains could mitigate against these tendencies.

Service to youth remains an area of concern. Almost half of the SDAs had difficulty meeting their youth expenditure goals. SDAs also found it most difficult to meet the performance standard for youth positive terminations. Since a number of service delivery areas indicated that issues such as the lack of youth competencies and the late start- up of youth programs affected positive outcomes in the transitional period, the problem of meeting the youth positive termination goal may well be resolved in many SDAs in the course of the year. However, since the majority of SDAs did not expect to change the ratio of adults to youth, nor the mix of services offered, the adequacy of service to youth may continue as an issue.

Given the substantial changes brought about by the passage of JTPA, state and local participants during the transition year have been remarkably successful at solidifying public/private relationships and planning and implementing initial programs. Programming for the first year appears to have made a good start with placement rates exceeding national standards. Given the short time that JTPA has been in existence, there has been little time for program refinements, nor any opportunity to assess the long-term impact of the program on those served. An important factor in the next year will be the degree to which the states and SDAs take advantage of the opportunities in the legislation, such as creative youth programming and the flexibilities permitted in the performance standards, in order to assure that those who need assistance in finding work are trained and placed in jobs.

An Overview of the New Job Training System

Survey Report I

Elaine Brady, NAB Clearinghouse Manager for Evaluation Studies, managed the data collection effort, directed the analysis, and was the principal author of this report.

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FOREWORD

The National Alliance of Business takes great pride and pleasure in providing you with An Overview of the New Job Training System. The information contained in this publication is informative and timely and of great value to all the partners involved in making the Job Training Partnership work.

First, it presents information on the state of the new employment and training system at its initial stages of implementation. Second, unlike other research efforts currently planned or underway, this study sought participation from all 596 local jurisdictions responsible for the administration and delivery of publicly funded job training programs, and succeeded in including 98 percent of them. Third, this report provides a comprehensive look at the new system; a wide range of information -- geographical, organizational, and programmatic -- was collected and analyzed.

The survey findings offer many insights into the implementation of the new employment and training legislation, providing a "snapshot" of the reorganized system and a source of baseline data which will be a valuable reference point for future studies. NAB hopes to repeat a similar survey effort after the SDAs complete their plans for the upcoming two-year cycle.

Without the support and cooperation of local employment and training practitioners, the Alliance could not have succeeded in collecting and analyzing the data. The people who are responsible for the day-to-day operations of the local job training activities were enthusiastic about our efforts to collect information on their experiences in implementing the new legislation and pleased to participate in it. I am grateful to them for sharing such information during the system's compressed transition period. While the process of change is an ongoing one, our survey documents that the framework for the delivery of services is now in place across the country.

This overview report is the first of several based on data collected in this 1983 survey effort. At this point, two other reports are planned to be released in the upcoming months. These publications will provide more in-depth analyses of selected issues, including the role of the private industry council and the types of partnerships forged in the new system.

We at the National Alliance of Business look forward to working with you to improve the ways in which we integrate economically disadvantaged and structurally unemployed people into the world of work.

Sincerely,

W. H. Kolberg
William H. Kolberg
President
National Alliance of Business

EXECUTIVE SUMMARY

The National Alliance of Business (NAB) has completed a major survey and analysis of the 596 service delivery areas administering the Job Training Partnership Act. A total of 583, or 98 percent, of the local service delivery areas (SDAs) responsible for the provision of federally funded employment and training programs participated in the NAB effort to gather information about private industry councils and SDA activities. The major purpose of the study was to establish baseline data, offering both a profile of the new system at the completion of its transition from the Comprehensive Employment and Training Act to the Job Training Partnership Act and a starting point for measuring the degree to which the system fulfills its legislative mandate in a cost-effective and increasingly business-directed way.

A structured 74-question survey was administered by phone during September and October, 1983. The interviews, generally requiring between 30 and 40 minutes to complete, were conducted with individuals actively involved in the planning and administration of the local delivery system.

Three types of data -- geographical, organizational, and programmatic -- were analyzed for this report. Key findings are summarized below, by topic.

Geographical Data

- The number of local jurisdictions responsible for administering federally funded employment and training programs increased by 26 percent, from approximately 470 under the Comprehensive Employment and Training Act to 596 under the Job Training Partnership Act. Much of the increase can be attributed to the breakup of large CETA balance-of-state areas. In about half the SDAs, the geographical boundary of the JTPA service delivery areas remained the same as that of its CETA predecessor.

- The geographical boundaries of 61 percent of the SDAs coincide with at least one other substate service district. Approximately two-thirds of the SDAs include at least one labor market area; slightly more than two-thirds of these local areas have boundaries which are identical to one or more entire labor market area.

- One-quarter of the SDAs have fewer than the 200,000 persons necessary for automatic designation. More than half represent areas with a population under 300,000.

- Of the 50 states and the District of Columbia, 19 or 37 percent have four or fewer SDAs. Conversely, 16 or nearly 30 percent of the states have been divided into at least 15 service delivery areas, with California having the greatest number (50).

- Slightly more than two-thirds of the SDAs are multi-jurisdictional; that is, they include more than one chief local elected official. The majority of the remaining SDAs are single county with only 7 percent of all the SDAs representing single city service delivery areas.

Organizational Data

- The legislative objective that business groups be involved in the selection of the business representatives on private industry councils was achieved in the overwhelming majority of cases (91%). The "single slate" nomination process envisioned by Congress was followed in fewer than half of the SDAs (42%). Generally, when a single slate process was not used, multiple slates were submitted directly to the local elected official.

- Most PIC members are new to the publicly-funded employment and training system; on average, only one-fourth of JTPA PIC members had served on either a CETA Title VII PIC or a prime sponsor planning council.

- The average PIC consists of 25 members, although individual PIC board size ranges from a low of nine members to a high of 124. Almost 11,000 business volunteers are serving on PICs.

- In the overwhelming majority of SDAs (80%), the same entity was designated to serve as both the grant recipient and program administrator. In most of these SDAs, that entity is a unit of local government.

- PICs serve as grant recipient, program administrator, or both in 13 percent of the SDAs. States are functioning in one or both of these capacities in 8 percent of the SDAs. Educational institutions, private nonprofit organizations, and community-based organizations each receive funds and/or administer programs in five percent of the SDAs.

- In four out of five PICs, the chair was selected by PIC member vote; in most of the remaining SDAs, PIC chairs were appointed by the chief local elected official(s).

- At the time of the survey, most PICs had established a regular meeting schedule for the full board, with 61 percent of all PICs planning to meet monthly. Most of the others intend to convene either bi-monthly or quarterly.

- Nearly three-quarters of the interviewees reported an active role for the PIC in planning and evaluating local programs. Specifically, responses showed that 80 percent of the PICs intended to participate actively in determining the types of training programs, 75 percent in determining occupations, 77 percent in determining training providers, and 89 percent in establishing criteria for training programs.

- One-quarter of the PICs were incorporated at the time of interview. Almost one-fifth of the remaining PICs plan on incorporating, while another fifth are undecided. PICs acting as grant recipients were far more likely to be incorporated than were PICs not serving in that role.

- Only one-quarter of the PICs had hired or intended to hire their own personnel for FY'84.

Programmatic Data

- High school dropouts and welfare recipients were the two groups most frequently identified by interviewees as target populations for JTPA programs and services (80% and 75%, respectively). In-school youth, minorities, and handicapped people are each provided targeted service by over two thirds of the private industry councils.

- Local service providers are utilizing a host of entities to provide skill training with a marked increase from CETA in the use of small business. The most widely used is the public school system (used by over 90% of the private industry councils). The second major training agent is private employers, particularly small business, which will provide training in almost 80 percent of the SDAs, often in conjunction with on-the-job training programs. Private secondary and postsecondary schools, community-based organizations, and large businesses were each involved in providing training in slightly more than half the SDAs.

- Almost two-thirds of the interviewees responded affirmatively when asked if their programs would be changed as a result of the requirement that 70 percent of the funds be used for training. Some of the anticipated changes appear to be positive. In particular, the seeking of alternative sources of supportive services, especially with the welfare system, is a strategy employed by 40 percent of the SDAs. Other positive changes relate to an increased focus on job placement and coordination with other federal, state, and local entities. Other anticipated changes were viewed more negatively (e.g., alterations in the client mix resulting in less service to clients requiring more or longer assistance).

- Performance contracting will be used in close to two-thirds of all SDAs. Over 40 percent of these SDAs will use it for at least three quarters of their training programs and another 20 percent will employ it for one-half to three-quarters of their skill training contracts.

- Despite the 30 percent limit on non-training expenditures, the vast majority of SDAs (85%) will provide some type of support service, while slightly more than half will offer needs-based payments. Most respondents indicated, however, that such services or payments will be minimal.

- Slightly less than two-thirds of the SDAs plan on undertaking some type of employment generating activity during JTPA's first year.

Conclusion

The survey findings offer many insights into the implementation of the new employment and training legislation, providing a "snapshot" of the reorganized system and a source of baseline data which will be a valuable reference point for future studies. This overview report is the first of several based on data collected in this 1983 survey effort. Two other reports are planned to be released in the upcoming months and will provide more in-depth analyses of selected issues, including the role of the private industry council and the types of partnerships forged in the new system.

AN OVERVIEW OF THE NEW JOB TRAINING SYSTEM

INTRODUCTION

The implementation of the Job Training Partnership Act (JTPA) has produced many changes in the administration and delivery of employment and training services for long-term unemployed and economically disadvantaged people. Never before have state and local policymakers and practitioners confronted such a wide array of choices and challenges in the structure and administration of local delivery systems. Recognizing so many fundamental changes, the National Alliance of Business (NAB) undertook an effort to gather information, on a national scale, about private industry councils (PICs) and JTPA service delivery area activities. A total of 583, or 98 percent, of the 596 service delivery areas (SDAs) nationwide agreed to participate in this survey. This study, funded substantially by the Department of Labor, has five objectives:

- To track the transition activities at the local level;
- To describe the status of the JTPA service delivery system as of early FY '84;
- To describe and analyze the extent and variety of private sector involvement;
- To determine the extent of change, thus far, in the JTPA system as compared to the CETA system, and
- To guide NAB and others in providing the types of products and services needed by the employment and training community.

Methodology

A structured telephone interview, consisting of 74 questions, was conducted by national office NAB staff with local service delivery or PIC staff during a two-month period (September and October, 1983). A copy of the questionnaire is included as Appendix I. The interviews were generally conducted with individuals actively involved in the planning and administration of the local delivery system. An introductory letter explaining the purpose of the survey and a copy of the questionnaire were sent to these individuals one to two weeks prior to contact. For the most part, interviews took between 30 and 40 minutes to complete.

The survey instrument covered four major areas: the geographical, organizational, programmatic, and financial characteristics of service delivery areas and PICs. While the majority of data collected was objective (e.g., population of the SDA, incorporation status of the PIC), a few questions required responses which were highly subjective and relied primarily on the respondent's perceptions and beliefs. Thus, some of the information must be understood as reflecting the opinions of the interviewees.

Although this report is based primarily on an analysis of the interviewees' direct responses to the questions asked, some data have been augmented by more detailed information provided voluntarily by the respondents. Hence, this study provides some excellent insights into JTPA implementation throughout the country. When information on the CETA system was relevent and easily accessible it was used and compared to data collected on JTPA. It should be emphasized that the data collected by NAB during this survey are particularly valuable since all other planned or completed efforts to capture information of this type focus on a limited number of SDAs or PICs, while this survey sought information on all of them.

ANALYSIS OF GEOGRAPHICAL DATA

Service Delivery Area Designation

With the passage of JTPA, states were presented with the opportunity to determine, within broad guidelines, how substate political jurisdictions could be organized to effectively provide federally funded employment and training services. While the new law allowed governors and state job training coordinating councils (SJTCCs) great flexibility, it required that SDA designation: 1) not split local government boundaries; 2) promote effective job training services; and 3) be consistent with labor market or standard metropolitan areas or areas in which related services are provided under other state and federal programs.[1]

Despite the expectation that this designation process would result in fewer service delivery areas than those which existed under CETA, the number of SDAs nationwide increased from approximately 470 under CETA to 596 under JTPA. In about half of the SDAs (294), the geographical boundary of the JTPA service delivery area remained the same as that of its CETA predecessor. That is, the JTPA SDA is identical to the former CETA prime sponsor or balance-of-state substate area.[2] (A list of SDAs by state and type is provided in Appendix II.)

The increase in the number of local areas responsible for overseeing federally-funded job training programs can be attributed primarily to the breakup of large CETA balance-of-state areas. Specifically, one-third of the 299 new SDAs (96) consist solely of various combinations of balance-of-state substate areas, while close to another third (29% or 84) are the result of balance-of-state substate prime sponsor combinations.

Coterminous Substate Boundaries/Labor Market Areas

Data indicate that states were fairly successful in meeting the legislative priority that there be substantial correlation between SDA boundaries and those of other substate districts in which related state or federal programs were operating. In 61 percent of the SDAs (358), the geographical boundaries coincide with other substate service districts, and in one-half of these cases (177), the SDA's boundaries coincide with at least two such related service districts. Coterminous boundaries are most common between the SDAs and the local Employment Service or economic development and planning districts; fewer service delivery areas coincide with educational districts. (See Table I.)

[1] Certain areas had the right to request and receive automatic designation as independent SDAs. These include general units of local government or contiguous units of local governments with a population of 200,000 or more which serve a substantial portion of a labor market area, or any Concentrated Employment Program which served as a CETA prime sponsor.

[2] A Balance of State area was a geographical area, often divided into substate units, for which the [illegible] administrative authority under CETA.

TABLE I

Coterminous JTPA Service Delivery Area and Related Substate Service District Boundaries

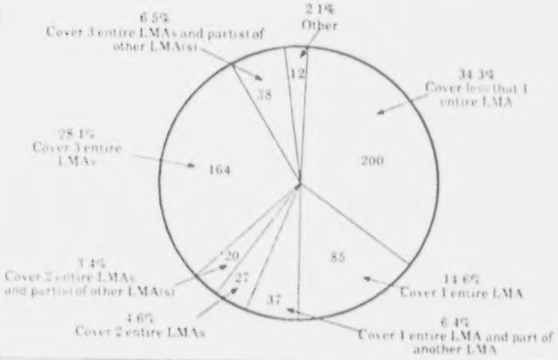
	Number of SDAs	Percent of SDAs
Coincide with more than one substate district	177	30.4
Coincide only with employment service district(s)	81	13.9
Coincide only with economic development and planning district(s)	74	12.7
Coincide only with educational district(s)	16	2.7
Coincide with other substate service district boundary	10	1.7
	358	61.4

The legislative intent that SDA boundaries be more closely aligned with local labor market areas was also met in the majority of cases. A labor market area is defined in the legislation as "an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence." Despite the increase in SDAs, the data indicate that the thrust to achieve more coordinated or broader labor market coverage was not adversely affected.

As illustrated in Table II, slightly fewer than half of the SDAs (276) have boundaries which are identical to those of one or more entire labor market areas (LMAs). Another 58 SDAs combine parts of one or more labor markets with at least one entire labor market. Approximately one-third (200) of the total have geographical areas that are less than one entire labor market area. It must be recognized, however, that 162 of the 200 SDAs which cover less than a complete labor market area are part of a large metropolitan area and as such, have populations well over 200,000. Conversely, a great number of SDAs which include two or more labor markets (261 or 45%) are less populous and many do not meet the 200,000 target (73), and were designated at the governor's discretion.

While the majority of SDAs include at least one labor market area, it is interesting to study those that include three or more entire labor markets and those that cover less than one labor market. Survey findings indicate that new service delivery areas -- those that do not have the same boundaries as their CETA predecessors -- are much more likely to include three or more labor markets than those SDAs whose configurations remain the same. In fact, among the 202 SDAs that encompass three or more labor market areas, 69 percent (140) have boundaries that are different from those which existed under CETA.

TABLE II
Labor Market Area and SDA Boundaries



This finding is not surprising given that many governors combined large geographic areas (often the more rural balance-of-state substate areas) in an attempt to meet the 200,000 population criterion. Further, this finding may also indicate that governors, at least in some cases, made a concerted effort to form SDAs out of several contiguous and similar labor markets.

Conversely, SDA boundaries which include part of a labor market area or an entire one are much more likely to be the same as those in effect before JTPA. Specifically, among the 200 SDAs that cover only part of a labor market, 70 percent (139) have configurations which are identical to their former CETA boundaries. Several interviewees noted, and the data support, the possibility that governors may have been somewhat reluctant to make changes in the CETA job training areas for a variety of reasons, including political expediency and exemplary past performance.

This view is supported by the fact that coterminous CETA/JTPA boundaries are much more common in those SDAs with a population of less than 200,000 than in areas where the service delivery area had changed under the new population criterion. Nearly two-thirds (100) of the 154 SDAs with fewer than 200,000 persons are identical to their CETA predecessors. However, among the 304 SDAs in the intermediate population range (200,000 - 500,000), 60 percent (181) have boundaries which were altered from those that existed under CETA. Thus, it appears that the SDAs with boundaries that are different from those under CETA not only tend to cover three or more labor markets but also are more likely to meet the 200,000 population criterion.

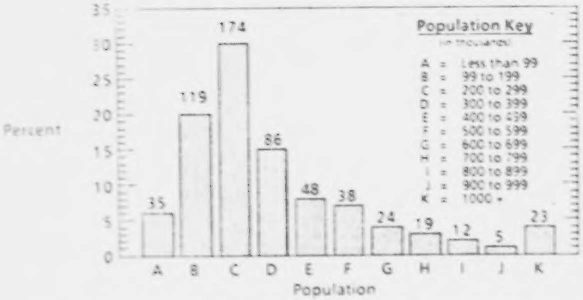
SDA Population

As would be expected, the population distribution of the SDAs varies markedly.[3] The general population criterion for designation as a service delivery area was increased from 100,000 under CETA to 200,000 under JTPA. However, the governor could designate areas with smaller populations as SDAs if they met other criteria such as the provision of service to a substantial portion of a labor market. Despite the congressional intent to increase the size of the population within local delivery systems relative to the 100,000 population criterion under CETA, more than 25 percent (26% or 154) of the SDAs have fewer than the 200,000 persons necessary for automatic designation.[4] In some of these 154 cases, the operation of an effective delivery system under CETA was cited by a number of respondents as the key reason for designating an area with less than 200,000 people as an SDA. In less populous states, interviewees often noted that it was impossible to establish effective SDAs which adhered to the 200,000 person guideline.

Thirty percent of the remaining 429 SDAs (174) serve populations between 200,000 and 299,999, as shown in Table III. Thus, more than half (328) represent areas with populations under 300,000. Almost one-quarter (134) of the SDAs include between 300,000 and 499,999 individuals while larger SDAs serving at least 500,000 people represent 20 percent (121) of the total. Within this latter group, only 4 percent (23) exceed a population of one million.

TABLE III

Population by SDA



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[3] Population data are based on the 1980 census.

[4] "The Joint Explanatory Statement of the Committee of Conference," often referred to as the "Congressional Conference Report," states that: "These population thresholds are intended to [illegible] effective services." [illegible] September 28, 1982, p. 88.

Distribution and Types of SDAs

There are only 6 statewide SDAs: Vermont, Delaware, South Carolina, North Dakota, South Dakota, and Wyoming. The District of Columbia and the territories of the Virgin Islands, Guam, Samoa, Puerto Rico and the Northern Mariana Islands are also single SDAs.[5] The small number of statewide SDAs was not unexpected given the designation prerogative of large local governments and consortia. With the exception of the District of Columbia, Puerto Rico, and two of the states (Delaware, and South Carolina) the single state/territory designation tend to occur in more rural and sparsely populated areas.

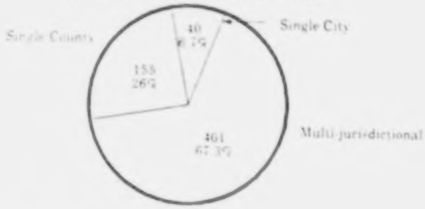
An analysis of the SDA distribution information also reveals that 12 states (New Hampshire, Maine, Rhode Island, West Virginia, Alabama, Mississippi, New Mexico, Nebraska, Montana, Nevada, Hawaii, and Alaska) have between two and four service delivery areas. Of the 50 states and the District of Columbia, 19 or 37 percent have four or fewer SDAs.

On the other hand, nearly 30 percent of the states (16) have been divided into at least 15 SDAs and include: Missouri, Massachusetts (15 each); Georgia, Louisiana, Iowa (16 each); Indiana, Wisconsin (17 each); New Jersey (19); Florida (24); Illinois, Michigan (26 each); New York, Texas (34 each); and California (50). As would be expected, these states (with the exception of Iowa) are among the most populous and also include most of the single-city SDAs. (A map detailing the number of SDAs by state may be found on the following page.)

Somewhat surprising is the relatively small number of single city service delivery areas — only 40, or 6.7 percent, of the total number of SDAs. (See Table IV.) Generally, these SDAs are large urban centers with populations well over 200,000. In fact, in two-thirds of those 40 SDAs, the population exceeds 500,000.

Slightly more than two-thirds of the SDAs (401) are multi-jurisdictional entities; that is, they are consortia of more than one local government. In over half of these multi-jurisdictional SDAs (58% or 235), the consortium formation was initiated by member governments; in only 29 percent of these 401 service delivery areas (118) was the multi-jurisdictional configuration initiated at the state's request. The remaining 155 SDAs are single-county jurisdictions.

TABLE IV
Types of Service Delivery Areas



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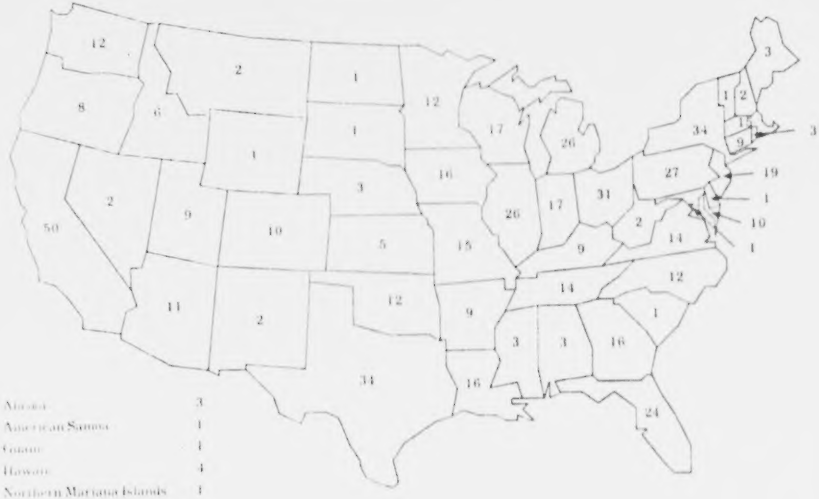
[5] Two of the six single state SDAs were not single service delivery areas under CETA (Delaware and South Dakota). Idaho is the only state that was a single service delivery area under CETA but not under JTPA.

Number of SDAs Per State



Alaska	3
American Samoa	1
Guam	1
Hawaii	4
Northern Mariana Islands	1
Puerto Rico	2
Trust Territories	6
Virgin Islands	1

As of January 1, 1984

ANALYSIS OF ORGANIZATIONAL DATA

Nomination Process

Every local service delivery area must have a private industry council with a majority of its members from the private sector, representing local business leaders. To ensure that the PIC is representative of the local business community, the law delineates the nominating process for PIC business members: they must be selected by the local elected official(s) from nominees recommended by general purpose business organizations. All prominent business organizations are to be consulted in submitting nominees numbering at least 150 percent of the total business members to be appointed. Data indicate that the objective of having various business groups involved in the selection of business representatives was achieved in most cases. In fact, in 91 percent of the cases, the chamber of commerce did participate in the nominations process.

The "single slate" nomination process envisioned by Congress was followed in 244 of the SDAs (42%).[6] Within these 244 service delivery areas, the chamber of commerce was usually the entity responsible for submitting the slate. In SDAs in which there was more than one chamber, the largest chamber was typically designated the lead agent by the others. In all but one of the 244 SDAs in which a single slate was presented to the local elected official(s), that slate was indeed used as the basis for selection.

Generally, when a single slate process was not used (as in 337, or 58% of the SDAs), multiple slates were submitted directly to the local elected official(s). Specifically, in 190 of these 337 SDAs, each local chamber submitted its own list, rather than consolidating nominations. In another 100 of these 337 SDAs, a number of different business groups, often including the chamber(s), submitted their own lists of nominees.

A number of selection processes were used when nominations were not submitted by general purpose business organizations. These included: solicitation through public notices, invitational letters to organizations, advertisements in local newspapers, and mass mailings to local businesses.

As illustrated in Table V, the level of involvement of the various business organizations in submitting private sector nominations differed significantly overall. As noted earlier, chambers of commerce submitted names in 91 percent (529) of the SDAs. Professional or trade organizations, minority business groups, and women's business organizations submitted nominations in 44 percent (256), 30 percent (174), and 23 percent (135) of the SDAs, respectively. Only 19 percent (112) of the CETA Title VII private industry councils submitted nominations.

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[6] "The intent of the conference language is to assure a single slate of nominations which reflects the recommendations of the various business organizations in the community. Where there is more than one general purpose organization in the community, they shall coordinate their recommendations." "The Joint Explanatory Statement of the Committee of Conference," pp. 91-92.

TABLE V

Organizational Involvement in Nomination Process

Type of Organization	Level of Involvement	
	# of SDAs	% of SDAs
Chamber	529	90.7
Professional/Trade	256	43.9
Minority Business	174	29.8
Women's Business	135	23.2
Employment Service	114	19.6
Title VII PIC	112	19.2
Other	146	25.0

PIC Membership

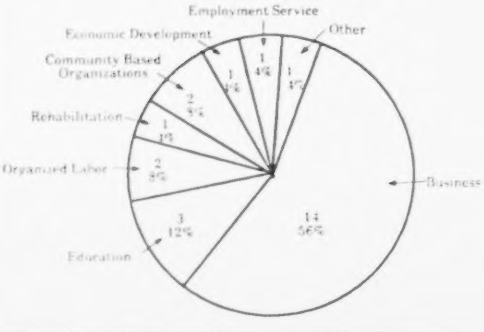
Most PIC members are new to the publicly-funded employment and training system. On the average, only about one-fourth of the JTPA PIC members had served on at least one of the CETA councils, with far greater representation provided from members of former prime sponsor planning councils rather than Title VII PICs (2 to 1). Eight percent of the total membership of JTPA PICs had served on both a Title VII PIC and a prime sponsor planning council. This means that at the time of their appointment most PIC members lacked "hands-on" experience with the issues and history of past public employment and training activities in their area. This, combined with the compressed time for planning, undoubtedly limited the role PIC members could play in the fiscal year 1984 decision-making process. It would appear, however, that the new legislation did result in the involvement of new people -- including new business representatives -- in the local program. The effect this will have on future program operations is impossible to determine at this time.

PIC members in SDAs with the same geographical boundaries as the former CETA service areas were not any more likely to have been a member of a Title VII PIC or a prime sponsor planning council than were PIC members in newly-formed SDAs. This finding further indicates that most PICs, even those where former job training boundaries remained unchanged, did not merely reconstitute the CETA Title VII PIC.

Although individual PIC membership varies considerably -- from a low of 9 members to a high of 134 -- the average PIC consists of 25 members, 56 percent of whom are representatives from the business community. About 11,000 business volunteers are serving on the PICs. Information displayed in Table VI indicates that the breakdown of representatives on an average PIC is: 14 from the business sector, 3 from education, 2 from organized labor, 1 from a rehabilitation organization, 2 from community-based organizations, 1 from an economic development agency, 1 from the Employment Service, and 1 other.

TABLE VI

Composition of Average PIC



Grant Recipients and Program Administrators

Grant recipients and program administrators, to be designated by agreement between the PIC and the chief local elected official(s), can be the PIC, a unit of general local government (or an agency thereof), a private nonprofit organization, or any other agreed-upon entity.[7] The local program administrator could be the same entity as the grant recipient or a separate entity. The overwhelming majority of the SDAs (81% or 471) selected the same entity to perform these two functions. (The distribution of grant recipients and program administrators by type of entity is shown in Table VII.)

Local governments are the most widely used entities serving as both grant recipient and program administrator, doing so in 295 SDAs (51%). Furthermore, local government units or agencies serve solely as the grant recipient in another 14 percent (82) and as the program administrator in another 7 percent (32) of the service delivery areas. Thus, local governments are functioning as grant recipient and/or program administrator in more than 70 percent (415) of the SDAs.

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[7] The local grant recipient is the legal entity which receives the federal funds directly from the state and is held liable for the fiscal management and use of the funds. The local program administrator is responsible for the day-to-day administrative operations and management of programs.

PICs are the second most common entity serving as grant recipient and/or program administrator (15% or 88). In only half these 88 SDAs (43) does the PIC serve as both grant recipient and program administrator. Among those 45 PICs where the functions are divided, 31 PICs are the administrative entity while only 14 are the grant recipient. Thus, while the system-wide tendency is for one entity to both receive funds and administer programs, when PICs are involved as grant recipient or program administrator the likelihood is much greater that these responsibilities will be shared among two different entities. Several factors may account for the relatively few number of PICs acting as grant recipients. First, state law makes it difficult for PICs to receive funds directly from the governor in some jurisdictions. For instance, in Massachusetts, state law prohibits the forward funding of a non-governmental entity. Second, many PICs, especially the smaller ones, do not yet have the management and fiscal systems to act effectively as grant recipients. And third, some local government agencies were reluctant to share authority over JTPA funds.

States are functioning as grant recipients and/or program administrators in 8 percent (48) of the SDAs, although technically the law appears to limit this role to those states which are whole state or single state SDAs. (The law is generally interpreted to require that the entire state be subdivided into service delivery areas, each with its own PIC established to work in partnership with local elected officials and each having a mandated pass-through of funds from the state according to a specifically established formula in the law.) In the majority of these instances, the states serve as both grant recipient and program administrator. States with four or fewer SDAs and those containing very large rural areas are the most likely to have the governor or a state agency responsible for administering part or all of the local delivery system.

Educational institutions, private nonprofit entities, and community-based organizations each receive funds and/or administer programs in 5 percent of the SDAs. (When educational institutions are involved, they are generally community colleges.) In most of these cases, the same agency is both grant recipient and program administrator.

There appears to be some correlation between SDA population and the type of agency selected as grant recipient. Community-based organizations (18 out of 26), educational institutions (22 out of 31), and private non-profits (22 out of 27) are most often grant recipients and/or program administrators in the smaller SDAs, i.e., those serving a population of less than 300,000.

Conversely, few PICs are the grant recipient in the more sparsely populated SDAs. Only 7 of the 57 PICs are grant recipients or program administrators in SDAs of less than 200,000 people. Fifty of the 57 PICs that are grant recipients serve SDAs with over 200,000 people. Larger SDAs with a population greater than 500,000 are likely to have local government function as the grant recipient and/or program administrator. Nearly 70 percent (84 of 121) of these large SDAs use local governments to receive and manage the funds.

TABLE VII
Distribution of Grant Recipients (GR) and Program Administrators (PA)

Entity	GR and PA	GR only	PA only	# of SDAs	% of SDAs
Local Government	295	82	38	415	71.2
PIC	43	14	31	88	15.1
State Governor	39	4	5	48	8.2
Educational Institutions	25	3	3	31	5.3
Private Nonprofit	25	2	0	27	4.6
CBO	22	0	4	26	4.5
Other/Not yet determined	23	7	31	61	10.5
	471	112	112		
	(80.8%)	(19.2%)	(19.2%)		

Structure and Operation of PICs

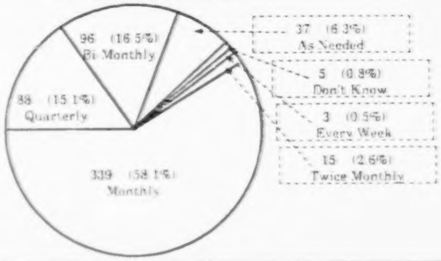
The Job Training Partnership Act authorizes numerous specific functions for PICs. The selection of a PIC chairperson is one of those functions envisioned by the Congress.* Although the law does not clearly specify the selection process, in four out of five PICs (469), the chair was selected by PIC member vote. In most of the remaining SDAs, PIC chairs were appointed by the local elected official(s).

The law also specifies that the PIC is authorized to provide oversight -- reviewing, monitoring, and evaluating -- in accordance with procedures established by the PIC. The PIC oversight function, however, does not preclude local government oversight activities or the coordination of those activities necessary to carry out management responsibilities. The intent of the law was to permit the active participation of the PIC in reviewing program management and oversight activities throughout the year including evaluating program outcomes. To ascertain the current and the planned future roles and involvement of the PIC, a number of questions inquired about PIC organization and structure as well as the level of PIC involvement in actual and planned decision making processes.

At the time of the interviews, almost all of the PICs had established a regular meeting schedule for the full board. As can be seen in Table VIII, in almost 60 percent of the PICs (339), the full PIC plans on meeting monthly. The majority of the remaining PICs will meet less frequently, with most of them intending to convene either bi-monthly (16% or 96) or quarterly (15% or 88).

* "The conferees anticipate a process along the following lines. After the PIC is certified and has its first meeting convened by the chief elected officials it will elect its chairman, provide for operational rules, and select necessary staff to assist it in determining how to exercise its functions. After the PIC has had an opportunity to review the operation of current training programs in the area and to formulate its general policy positions, it will then enter into negotiations with the appropriate local government officials for the agreements specified in the bill..." "The Joint Explanatory Statement of the Committee of Conference," pp. 89-90.

TABLE VIII
PIC Meeting Schedule



Given this limited meeting schedule it would be expected that much of the work of the PIC would probably take place at the committee level, and it is not surprising that a number of interviewees emphasized that the work undertaken by the committees, was, in effect, the critical component of the PIC decision-making process. However, this response was not consistent with that concerning the frequency of PIC committee meetings. While 87 percent (505) of the PICs have some type of committee structure, the schedule for permanent and ad hoc committee meetings is much more irregular than for full board meetings. Among the 505 PICs utilizing a committee structure, 290 (57%) plan to have their committees meet only on an "as needed" basis. In those cases in which PIC committees have established a set meeting schedule, it is usually on a monthly basis. Because the functions of many committees are sporadic in nature (e.g., membership), or concentrated during a particular time frame (e.g., planning), it is not clear whether these committees will result in the active involvement of the PIC and the business community in the planning, management and oversight of their local programs.

In addition to obtaining information about the PIC's structure and frequency of meetings, interviewees were asked if the PICs played, or intended to undertake, active or significant roles in the planning and evaluation of their local programs. Data in Table IX show that nearly three-quarters of the respondents (430) indicated that the PIC was, or expected to be, very involved in the overall planning of transition year programs. However, it must be noted that many PICs had only recently been formed at the time of the interview and had played a small role in the actual development of the plans; instead, they anticipated a major role during FY 84 in the selection of training programs, occupations, and service providers. Specifically, according to the respondents, 80 percent of the PICs intended to participate actively in determining types of training programs, 75 percent in determining occupations, and 77 percent in determining service providers. An even higher percentage of respondents indicated that the PIC would be an active partner in program evaluation. Eighty-nine percent (517) of the individuals questioned thought the PIC would be very active in establishing criteria for training programs and examining the degree to which they had been met.

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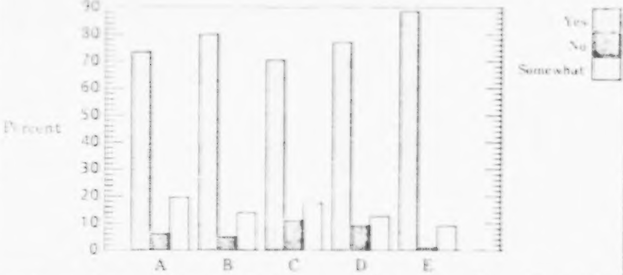
TABLE IX

PIC Involvement in the 1984 Decisionmaking Processes



How will the PIC play an active/significant role	Yes	No	Somewhat
A. in the overall decisionmaking FY'84 process?	430 (73.8%)	36 (6.2%)	115 (19.7%)
B. in the planning of FY'84 programs?	468 (80.2%)	29 (5.0%)	84 (14.4%)
C. in selecting occupations?	441 (75.6%)	65 (11.1%)	104 (17.8%)
D. in selecting service providers?	451 (77.4%)	55 (9.4%)	74 (12.7%)
E. in evaluating programs?	517 (88.7%)	7 (1.2%)	53 (9.1%)

PIC Staffing

To carry out its functions, the law also allows the PIC to hire staff. Only 27 percent, or 155, of the PICs, however, had hired or intended to hire their own personnel at the time of contact. Understandably, PIC staff were primarily concentrated in the 15 percent of the councils which had decided to act as grant recipients or administrative agencies.

Although the number of full-time positions in the 155 PICs with independent staffs ranged from one to 101, staffing in over half of such PICs (92) consisted of six or fewer full-time positions. (See Table X.) At least one former prime sponsor staff person was employed in nearly half of these PICs (72); only 45 PICs employed any former CETA Title VII staff. This latter finding is to be expected since the majority of CETA Title VII PICs were not independent entities and relied upon CETA prime sponsor staff. A limited number of JTPA PICs had hired staff directly from private for profit business (28 of the 155 independently staffed PICs).

The limited number of PICs having their own staff might also have an effect on their playing the active roles the majority of them envisioned, but it should be noted that most PICs will receive support from staff assigned from other organizations (e.g., local government). The level of that support and the ability of that staff to provide independent advice and guidance will certainly vary from one SDA to another, and will itself be a factor in the degree of PIC effectiveness within the SDA.

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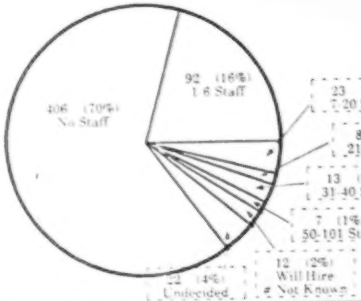
TABLE X

PIC Staffing



PIC Incorporation

The Job Training Partnership Act permits private industry councils to decide whether or not to incorporate. One-quarter of the PICs (142) were incorporated at the time of contact, as shown in Table XI. Data indicate, however, that among those 440 PICs not incorporated, just under one-quarter (103) planned on incorporating while another quarter (112) had not yet decided. On the other hand, almost 40 percent (232) of the total number of PICs have not incorporated and do not intend to do so during JTPA's first program year. 9

Among the factors which appear to influence a PIC's decision to incorporate are population of the SDA and type of entity designated as grant recipient. Not surprisingly, PICs acting as grant recipients were far more likely to be incorporated than were PICs not serving in that role. Specifically, 46 of the 57 grant recipient PICs were incorporated. One-fourth of the PICs in SDAs in which the grant recipient is a private nonprofit or quasi-governmental entity were incorporated, with the percentage of incorporated PICs dropping to 18 percent among SDAs whose grant recipient is a local government unit or agency or an educational agency or institution. Fourteen percent of the SDAs with a state entity receiving the grant had incorporated PICs, and only 9 percent of PICs in SDAs whose grant recipient is a community based organization were incorporated.

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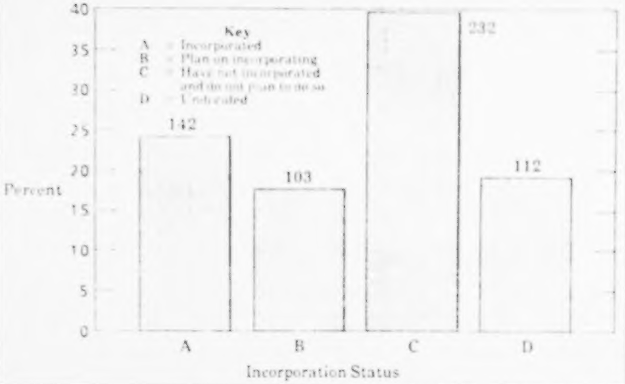
9 In a survey undertaken by NAB in April 1982 of 93 of the larger, more well funded CETA Title VII PICs, over 37.6 percent were incorporated.

TABLE XI

Status of PIC Incorporation



With respect to population, PICs responsible for overseeing the delivery of services to fewer than 200,000 people are the least likely to be incorporated, with only 15 percent (23) of the 154 relevant PICs having done so. However, although a few PICs serving a small population were already incorporated, interviewees at 33 of those 154 said that their PIC intended to incorporate. By contrast, PICs with a population between 500,000 and 999,999 are the most inclined to be incorporated. Thirty-four of the 98 PICs serving this number of individuals were incorporated at the time of interview.

ANALYSIS OF PROGRAMMATIC DATA

Client Targeting

Funds for regular adult and youth training programs are provided in a single grant with the legal requirement that 90 percent of those funds be used to serve economically disadvantaged individuals and that emphasis be placed on serving welfare clients and out-of-school youth according to their proportion in the eligible population of the area. In particular, JTPA mandates that 1) at least 40 percent of the funds in an area be spent on youth age 16 through 21 (not including the funds for summer youth programs); and 2) eligible high school dropouts and persons receiving payments under Aid to Families with Dependent Children (AFDC) who are able to work must be served equitably, given their percentage of economically disadvantaged persons 16 years of age or older in the SDA.

In light of the above, it comes as no surprise that high school dropouts and welfare recipients were the two population groups most frequently targeted by SDAs. Nearly 80 percent designated dropouts as a priority group, while 75 percent (439 SDAs) identified welfare recipients. Services to in-school youth, minorities, and the handicapped are provided by over two thirds of the SDAs (403, 402, and 388, respectively). Remaining target groups, in order of overall priority, include: older workers (55% or 321 SDAs); veterans (50% or 291 SDAs); and dislocated workers (41% or 231 SDAs). It should be noted that in many instances, the SDA was not targeting its present funds to older or dislocated workers because it anticipated receiving additional monies from the state to serve these special groups.

TABLE XII
Client Targeting

Client Group	Number of SDAs	Percent of SDAs
Dislocated Workers	237	40.7
In-School Youth	403	69.1
Older Workers	321	55.1
High School Dropouts	462	79.2
Minorities	402	69.0
Handicapped	388	66.6
Welfare Recipients	439	75.3
Female Heads of Household	316	54.2
Veterans	291	49.2

Training Agencies

Information displayed in Table XIII illustrates that local service deliverers are utilizing a host of entities to provide skill training. By far, the most widely used mechanism is the public school system. Over 90 percent (534) of the SDAs will use public vocational institutions, community colleges, and or secondary schools.

The second major training agent is private employers, particularly small businesses, which will provide training in almost 80 percent (458) of the service delivery areas. This substantial involvement of business in training is consistent with the fact that a considerable number of local delivery systems are placing greater emphasis on on-the-job training programs, with 39 percent of the interviewees anticipating a greater role for this type of training in their SDAs. Since the Congress intended to increase business involvement in training under JTPA, the expected increase in the use of on-the-job training by private sector employers appears to be one way this goal is expected to be met. (Under CETA, most of the training was conducted by public institutions or private nonprofit community organizations. In fact, because of the existence of a large public service employment program (PSE) under CETA, many job placements occurred in the public sector.[10]

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[10] It is difficult to state exactly the level of training done by public institutions compared to private employers; data on program activities under CETA were not reported in such a way that this distinction is available.

Private secondary and post secondary schools, community-based organizations, and large businesses (firms with more than 500 employees) were each involved in providing training in slightly over half the SDAs. It should be noted that in a number of smaller SDAs, respondents indicated that there were few, if any, private educational institutions or large firms within their boundaries.

Although local governments were the most common grant recipients and/or program administrators, they were involved in actually operating programs in less than 30 percent of the cases (171 SDAs). Chambers of commerce and PICs were each responsible for direct client training in nine percent of the service delivery areas.

TABLE XIII

Training Agencies

Type of Entity	Number of SDAs	Percent of SDAs
Small Business	458	78.6
Large Business	319	54.7
Private Schools	327	56.1
Public Schools	534	91.6
PICs	50	8.6
CBOs	326	55.9
Local Governments	171	29.3
Chambers of Commerce	54	9.3

The 70 Percent Stipulation

To maximize the amount of training delivered under JTPA, the Act requires a 70/30 split of training and non-training costs. (The major reason for the limitation on certain costs resulted from a review of CETA data which showed that, on average, CETA prime sponsors spent well over half their CETA funds on wages, stipends, support services, and administration rather than on actual training programs.) Seventy percent of each SDA's allocation for JTPA programs must be spent on training, with the remaining 30 percent divided between administrative costs (no more than 15 percent) and supportive services and allowances.

Interviewees were asked whether they anticipated that the 70 percent stipulation would significantly affect their program, and if so, how. Almost two-thirds (64% or 373) responded affirmatively when asked if their programs would be changed as a result of the limitation. While some of the changes mentioned could be viewed as positive in that they are consistent with the Act's emphasis on training rather than income maintenance, other anticipated changes may have less desirable effects. (See Table XIV.)

Specifically, some of the more positive changes relate to cost saving strategies and an increased focus on job placement and coordination with other federal, state, and local support programs. For example, in 40 percent of the SDAs, alternative sources of support services were being sought, the most common linkages being with the welfare system. This finding is not surprising given the legislative mandate to serve welfare clients according to their proportion in the eligible population of the SDA, while limiting the funds to be spent on supportive services and allowances to 30 percent. Many interviewees noted that extensive linkages are being developed with welfare agencies to ensure adequate levels of income maintenance and supportive services for welfare recipients during JTPA training. Other strategies being considered to help supplement JTPA funds include such things as bulk purchasing of child care slots at discounted rates and obtaining reduced fares from the public transportation system for program trainees.

In more than one-third of the SDAs (37% or 214), a much greater emphasis was being placed on training and placement for unsubsidized jobs. In addition, a larger role for on-the-job training was identified in a considerable number of local delivery areas (39% or 226 SDAs). Increased use of performance contracts and fixed-price contracts with program operators, believed by many practitioners to be a way to reduce costs and increase placements, was noted by respondents in more than one-third of the SDAs (35% or 203).

A change in the mix of clients served was viewed almost universally as a negative result of the 70 percent stipulation by the interviewees. In over one-third of the SDAs (203) respondents predicted that the level of service to particular client groups would be altered, while in 25 percent of the SDAs (147), such changes in client mix were expected to result in "creaming" enrollees.[11] It should be noted, however, that in most SDAs, client mix alteration or "creaming" does not mean a reduction in the level of service to welfare recipients. In fact, in less than 10 percent of the SDAs (53) interviewees anticipated serving fewer welfare clients. This can be explained by two factors. First, because the welfare population is explicity identified as a priority group in the legislation, many JTPA administrators feel that it is not feasible to reduce their level of service. Second, the problem of stipends and support services is often believed to be less acute for this population, as agreements are often developed with the welfare agency to continue such support while the recipient is enrolled in a job training program.

One final program feature expected to be affected in a substantial number of SDAs is the length of training activities offered to needy clients. Respondents in one-third (194) of the SDAs indicated that they would operate shorter training programs because of the 70 percent requirement and the increased emphasis on placement. While reduction in the training period will likely result in more participants being served, it may discourage SDAs from offering lengthy training for higher skill levels.

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[11] "Creaming" is a term which refers to selecting economically disadvantaged participants who would benefit most from short term training, resulting in less service to clients requiring more or longer assistance.

TABLE XIV

Expected Impact of the 70% Requirement

Expected Impact	Number of SDAs	Percent of SDAs
Provision of support services through other agencies/mechanisms	230	39
Increase in on-the-job training	226	39
More emphasis on training and placement	214	37
Change in client mix	203	35
Increase in performance contracting	203	35
Creaming	147	25
Shorter training cycles	194	33
Serve fewer welfare recipients	53	9

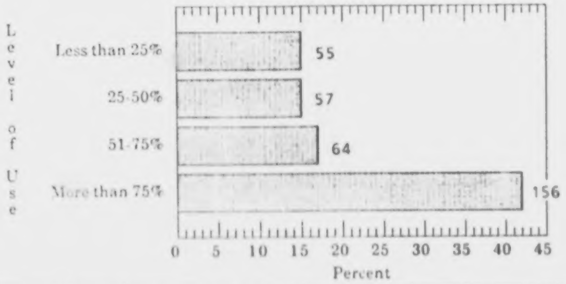
Performance Contracting

As indicated in the preceding section, the requirement that 70 percent of the funds be used for training has led many SDAs to use performance contracting. The use of performance or fixed price contracts has also been cited by a number of practitioners as an effective and fairly easy way to promote quality training and placement following program termination. A key feature of the law is its emphasis on performance management of program outcomes rather than compliance with regulations to achieve results. Administrative principles relating to the new "performance, not process" philosophy are expected to include: using program funds as human capital investments upon which a healthy return should be realized; emphasizing the quality of training and job placement, not just the quantity of placements; rewarding exemplary performance; and sanctioning poor performance.

Data indicate that close to 65 percent of all SDAs (371) will use performance contracting, while another 15 percent of SDAs (85) are considering it. Information in Table XV shows that among those SDAs which have already opted for this approach, almost half (156 SDAs) will use performance contracting for at least 75 percent of their training programs. Another 17 percent (or 64) will use this approach for one-half to three-quarters of their skill training contracts.

TABLE XV

Performance Contracting



Support Services/Needs-Based Payments

Although the law allows a broad range of supportive services and allowances to be provided to participants on a needs basis, the 70 percent requirement restricts an SDA's options with respect to the levels and types of assistance that may be possible. Despite the 30 percent limit on non-training expenditures, 85 percent (494) of the SDAs will provide some type of support service, while slightly more than half (54) will offer needs-based payments. Most respondents indicated, however, that such services or payments would be minimal (e.g., day care would only be provided during the enrollee's first week of on-the-job training; stipends would be far less than minimum wage, such as $6 per day).

To accommodate certain SDAs whose target populations have unique economic characteristics, the law requires that the state waive the 15 percent limitation on supportive services, wages, and allowances, if certain conditions are met and if the waiver is requested by the PIC in the local plan. Interviewees indicated that only a small percentage of the SDAs (11% or 69) were seeking a waiver; another 80 SDAs (13%) were considering applying for a waiver. Waivers do not relieve SDAs from meeting performance standards, which may explain why few SDAs have requested waivers.

Employment Generating Activities

JTPA permits the use of funds for employment generating activities (EGA) provided that they contribute to increased job opportunities for eligible persons. Employment generating activities might include the marketing of JTPA programs and services, labor market analysis, and job development activities. Slightly less than two thirds of the SDAs (367) plan on undertaking some type of employment generating activity during JTPA's first year. Interviewees in 12 percent of the SDAs

(72) indicated that they had not yet determined the feasibility of using funds for this type of activity. Interviewees in the overwhelming majority of these 367 SDAs indicated, however, that the level of funds spent on employment generating services would be significantly less than the amount previously spent under Title VII of CETA.

CONCLUSION

The results of this survey illustrate the crucial nature of JTPA's nine month transition period. In fact, many of the survey respondents indicated that they viewed this phase as one of learning and experimentation. The transition from CETA to JTPA created major changes in the employment and training system, with repercussions felt at the national, state, and local levels. Planning for the new program was done on an extremely tight schedule with many PICs just organized as plans had to be submitted. At the same time, CETA client services were being provided while others had to be closed out. Hence, all across the country, many SDAs are ironing out the details of their job training plans as they go along; PIC members continue to refine their understanding of the program and their own roles and responsibilities; and states and localities are working through major adjustments in their relationships under the "new federalism" approach to job training programs. It appears that the initial JTPA start-up process has been helpful, allowing policymakers, staff, and other involved groups to gain a better sense of programmatic needs through actual experience before developing and implementing their two-year plans. In this instance, change has proven to be a positive factor, resulting in an apparent strengthening of the job training system through a rather rapid evolutionary process.

The sharing of information on programmatic problems and progress is critical to the positive evolution of JTPA. The data presented in this report provide valuable insights into the new employment and training system at its very initial stages of implementation. Information of this sort, gathered on a regular basis and used effectively, can have important impacts on job training programs for the disadvantaged. In particular, practitioners and policymakers can use this study to increase their knowledge of the administration and delivery of services system-wide and compare and contrast their own SDA activities with those of others. Although judgements with respect to the long term impact of the program cannot be made from these findings, such data provide a valuable source of baseline information for comparison with future studies.

The value of this information to practitioners is apparent, given their level of interest and willingness to participate in the survey -- especially since it was conducted at the height of the transition. Their willingness to participate and share information bodes well for the employment and training system, for it shows that the spirit of cooperation envisioned in the law is indeed in practice.

APPENDIX I

SURVEY QUESITONNAIRE

Date of Interview ______________
PIC DATA COLLECTION FORM
Mo. / Day / Yr

PIC: ______________________________

ADDRESS ______________________________
Street Address

____
City/Town, State, Zip

TELEPHONE ______________________________
Area Code, Number

DIRECTOR ______________________________

INTERVIEWEE ______________________________
Name

____
Title

1. PIC Identification number
1. ☐☐☐☐

2. Category of interviewee
2. ☐☐

SECTION I. GEOGRAPHIC INFORMATION

1. What political jurisdictions are included in the SDA?

2. Is this a single state SDA?
1 = Yes 2 = No
4. ☐

3. Is this a single city SDA?
1 = Yes 2 = No
5. ☐

4. What is the approximate population size included in the SDA?
6. ______________ thousand

5. What relationship exists between the SDA and labor market boundaries?
1 = Part of a LMA
2 = Covers one entire LMA
3 = Covers one entire LMA and part of another LMA
4 = Covers two entire LMAs
5 = Covers two entire LMAs and part(s) of another LMA(s)
6 = Covers 3 or more LMAs
7 = Covers 3 entire LMAs and part(s) of another LMA(s)
8 = Other
7. ☐

6. [illegible] SDA [illegible] size of state population?
1 = Yes 2 = No
8. ☐

I-1

IF NO TO QUESTION 8:

9. How does the SDA differ geographically from the former prime sponsor/Balance of State substate area?

1 = Combine 2 or more prime sponsors
2 = Combined portions of former prime sponsors
3 = Combined a former prime sponsor with a portion of a neighbouring prime sponsor
4 = Combined a Balance of State substate area with a former prime sponsor
5 = Combined two or more Balance of State substate areas
6 = Combined 2 or more prime sponsors with one Balance of State substate area
7 = Combined one prime sponsor with 2 or more Balance of State substate areas
8 = Combined 2 or more Balance of State substate areas with more than one prime sponsor
9 = Combined 2 or more Balance of State substate areas with part(s) of a former prime sponsor
10 = Other

9. ☐☐

11. Do the SDA's geographical boundaries coincide with other sub-state service districts, i.e., employment service, economic development districts or regions?

1 = Yes 2 = No 3 = Don't Know

11. ☐

IF YES TO QUESTION 11:

12. Which sub-state service districts coincide with the SDA?

1 = Employment Service 4 = More than one
2 = economic development districts/regions 5 = other
3 = educational districts

12. ☐

13. Does the SDA incorporate more than one local elected official? (Is it a multi-jurisdictional SDA?)

1 = Yes 2 = No

13. ☐

IF YES TO QUESTION 13

14. Has a consortium agreement been signed?

1 = Yes 2 = No 3 = Not yet/later

14. ☐

15. Was the formation of a multijurisdictional SDA initiated by the Governor or by the member jurisdictions themselves?

1 = governor 3 = both — negotiated between both parties
2 = member(s) 4 = don't know

15. ☐

SECTION II: ORGANIZATIONAL INFORMATION

16. Is the PIC incorporated?
1 = Yes 2 = No

IF NO TO 16

[illegible] incorporating?

16. ☐

18. How many (voting) members are in the PIC?

17.

19. How many council members represent the following:

a. private sector representatives______
b. education____
c. labor____
d. rehabilitation____
e. CBOs____
f. economic development____
g. employment service____
h. state legislature____
i. other____

a ☐
b ☐
c ☐
d ☐
e ☐
f ☐
g ☐
h ☐
i ☐

20. How many members of the JTPA PIC served on a CETA Title VII PIC? 20. ______

21. How many members of the JTPA PIC served on a CETA prime sponsor planning council? 21. ______

22. How many JTPA PIC members served on both (a CETA Title VII PIC and a prime sponsor planning council)? 22. ______

23. How was the JTPA PIC Chair selected? 23. ___

1 = PIC member vote
2 = LEO appointment
3 = negotiated between PIC and LEO
4 = LEO nominated and PIC voted
5 = other

24. Did the general purpose business organization submit a single slate for private sector representations?

1 = Yes 2 = No 24. ☐

IF YES TO QUESTION 24

25. Did the local elected official select from the slate? 25. ☐

1 = Yes 2 = No

26. What general purpose business organization provided the slate? 26. ___

1 = Local Chamber of Commerce 2 = Title VII PIC 3 = Other

IF NO TO QUESTION 24 OR 25 EXPLAIN PROCESS

27. Explanation

28. What organization(s) submitted recommendations to the general purpose business organization for private sector representatives?

1 = Yes 2 = No

1 = Local Chamber(s) of Commerce 1 ☐ 6 ☐

2 = Minority Business Organization 2 ☐ 7 ☐

3 = Womens Business Organization 3 ☐

4 = Professional or Trade Association 4 ☐

5 = Title VII PIC 5 ☐

6 = Employment Service

7 = Other

29. How is the PIC Board structured?

1 = permanent committees 4 = no committees
2 = ad hoc committees 5 = other
3 = both (1 and 2) 6 = don't know/not yet decided 29. ☐

30. How often does the full board anticipate meeting?

1 = every week 4 = quarterly
2 = twice monthly 5 = as needed 30. ___
3 = monthly 6 = other ___________
specify ___

31. In general, how often will subcommittees meet?

1 = every week 4 = quarterly
2 = twice monthly 5 = as needed 31. ___
3 = monthly 6 = other ___________
specify ___

32. What entity is the grant recipient? (Name & Address)

1 = PIC 5 = private for profit
2 = local government (mayor, etc.) 6 = other 32. ☐
3 = CBO
4 = Governor/State

____
Name

____
City/Town

____
State

33. Is the same entity the administrative entity? 33. ☐

1 = Yes 2 = No

IF NO GO TO QUESTION [illegible]

34. What entity is the administrative entity?

1 = PIC 5 = private non-profit 34. ☐
2 = local government 6 = private for profit
3 = CBO 7 = other
4 = Governor/State

____
Name

35. Briefly describe how the grant recipient and program administrator were selected?

35. ☐

36. Has the PIC/will the PIC hire its own staff?

1 = Yes 2 = No

36. ☐

IF YES TO QUESTION 36:

37. Does/will the PIC pay for its own staff?

1 = Yes 2 = No

37. ☐

38. How many full time positions

38. ☐☐

39. How many PIC staff were employed by a former prime sponsor/BOS?

39. ☐☐

40. How many current PIC staff were employed by the former Title VII PIC?

40. ☐☐

41. How many current PIC staff were hired directly from private for profit business?

41. ☐☐

42. Are any changes anticipated in the PIC's staffing over the next six months?

1 = Yes 2 = No

42. ☐

IF YES TO QUESTION 42:

43. Describe the type of change expected?

1 = Replace current staff
2 = Reduce current staff levels
3 = Replace and reduce current staff levels
4 = Increase current staff levels
5 = [illegible]
6 = Other
7 = Don't know

43. ☐

44. [illegible] PIC staff operate programs in [illegible]

1 = Yes 2 = No

44. ☐

[illegible]

[illegible]

47. Who is responsible for assessment/counseling?

1 = PIC
2 = local government
3 = CBO
4 = Employment Service
5 = Chamber of Commerce
6 = Other
7 = Don't know

47. ☐

48. Who is responsible for job development?

1 = PIC
2 = local government
3 = CBO
4 = Employment Service
5 = Chamber of Commerce
6 = Other
7 = Don't know

48. ☐

49. IF THE EMPLOYMENT SERVICE IS NOT RESPONSIBLE FOR JOB DEVELOPMENT, what is the relationship between the Employment Service and the placement agency?

49. ☐☐

50. What entities will be responsible for providing training in FY '84?

1 = Yes 2 = No 3 = Don't know

1 = small business
2 = large business
3 = private for profit schools
4 = public education
5 = PIC
6 = CBOs
7 = local government
8 = Chamber
9 = Other

1 ☐
2 ☐
3 ☐
4 ☐
5 ☐
6 ☐
7 ☐
8 ☐
9 ☐

SECTION III. PROGRAMMATIC INFORMATION

51. What are the major elements of the plan the SDA has devised for linking employment and training with education?

51. ☐

52. What are the major elements of the plan the SDA has devised for linking employment and training with economic development?

52. ☐

53. What are the major elements of the plan the SDA has devised for linking employment and training with welfare?

53. ☐

54. What procedures have been established to ensure adequate review of the plans by the Employment Service and the PICs

54. ☐

55. To what client groups will services or programs be targeted?

1 = Yes 2 = No 3 = Don't know

1 = dislocated workers
2 = youth (in school)
3 = older workers
4 = high school drop outs
5 = minorities
6 = handicapped
7 = welfare
8 = female household heads
9 = veterans
10 = other

55.
1 ☐ 6 ☐
2 ☐ 7 ☐
3 ☐ 8 ☐
4 ☐ 9 ☐
5 ☐ 10 ☐

56. Do you plan on undertaking any EGS type activities, i.e., marketing, labor market information, economic development, etc.

1 = Yes 2 = No 3 = Don't know

56. ☐

57. Will performance contracting be used?

1 = Yes 2 = No 3 = Don't know

57. ☐

IF YES TO QUESTION 57:

58. Approximately what percent of the subcontracts will be performance based?

1 = less than 25% 3 = 51 - 75%
2 = 25 - 50% 4 = more than 75%

58. ☐

59. Do you anticipate that the stipulation that at least 70% of the funds be spent on actual training will significantly impact upon your program in any way?

1 = Yes 2 = No 3 = Don't know

59. ☐

IF YES TO QUESTION 59:

60. How? 1 = Yes 2 = No

a. Change client mix
b. Creaming
c. Fewer welfare recipients
d. Shorter training programs
e. More emphasis on training and placement for unsubsidized jobs
f. Providing support services through other mechanisms
g. More fixed unit/performance contracts
h. Phase out
[illegible]

a ☐ e ☐
b ☐ f ☐
c ☐ g ☐
d ☐ h ☐
[illegible] ☐ [illegible] ☐

61. Are you going to be offering needs based payments?

1 = Yes 2 = No 3 = Don't know 61. ☐

62. Are you going to provide support services?

1 = Yes 2 = No 3 = Don't know 62. ☐

63. Are you going to ask the state for a waiver of the 30% limitation?

1 = Yes 2 = No 3 = Don't know 63. ☐

64. Has the PIC played an active/significant role in the overall planning of FY '84 programs?

1 = Yes 2 = No 3 = Somewhat 64. ☐

65. Has will the PIC played an active/significant role in selecting the types of training programs to be offered?

1 = Yes 2 = No 3 = Somewhat 65. ☐

66. Has will the PIC played an active/significant role in selecting the occupations for training?

1 = Yes 2 = No 3 = Somewhat 66. ☐

67. Has will the PIC played an active/significant role in selecting service providers?

1 = Yes 2 = No 3 = Somewhat 67. ☐

68. Will the PIC play an active/significant role in evaluating programs?

1 = Yes 2 = No 3 = Somewhat 68. ☐

69. What are the major occupations that participants will be trained in? Limit it to 5

69. ☐☐

____

____

____

____

____

[illegible]

What [illegible] SDA's FY '84 allocation from [illegible]

[illegible] SDA [illegible]

1 = Yes 2 = No [illegible]

[illegible]

73. Is the SDA receiving any private monies?

1 = Yes 2 = No 3 = Don't know/(send to 75) 73. ☐

IF YES TO QUESTION 73

74. How much?

74. ☐☐☐☐

Thousand

APPENDIX II

LIST OF SERVICE DELIVERY AREAS

As of January 1, 1984

Distribution of Service Delivery Areas

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF ALABAMA			
1. Mobile			X
2. Birmingham			X
3. Governor's Unified Area			X
STATE OF ALASKA			
1. Fairbanks			X
2. Anchorage			X
3. State Wide SDA	X		
AMERICAN SAMOA	X		
STATE OF ARIZONA			
1. Phoenix		X	
2. Maricopa	X		
3. Pima	X		
4. Sixco			X
5. Santa Cruz	X		
6. Cochise	X		
7. Greenlee	X		
8. Graham	X		
9. Yuma	X		
10. Gila			X
11. Tribal			X
STATE OF ARKANSAS			
1. Western			X
2. North West			X
3. West Central			X
4. South West			X
5. Central			X
6. South East			X
7. North East			X
8. North Central			X
9. Little Rock		X	
STATE OF CALIFORNIA			
1. Fresno			X
2. Inyo			X
3. Kings	X		
4. Madera	X		
5. Merced	X		
6. Monterey	X		
7. San Luis Obispo	X		
8. Tulare	X		
9. Bellflower			X
10. Burbank			X
11. Carson			X
12. El Segundo			X
13. Imperial	X		

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF CALIFORNIA			
14. Long Beach		X	
15. LA City		X	
16. LA County	X		
17. Orange			X
18. Pasadena		X	
19. Riverside	X		
20. San Bernardino City		X	
21. San Bernardino County	X		
22. San Diego			X
23. Santa Barbara	X		
24. Ventura	X		
25. Alameda			X
26. Contra Costa	X		
27. San Francisco		X	
28. No. Santa Clara Valley			X
29. Oakland		X	
30. Marin County	X		
31. Richmond		X	
32. San Benito	X		
33. San Mateo	X		
34. Santa Clara	X		
35. Santa Cruz	X		
36. Sonoma	X		
37. Amador			X
38. Butte	X		
39. Sutter, Yuba			X
40. Napa Valley	X		
41. Sacramento			X
42. San Joaquin	X		
43. Solano	X		
44. Stanislaus	X		
45. Yolo	X		
46. Golden Sierra			X
47. Humbolt	X		
48. Mendocino	X		
49. Nortec			X
50. Shasta	X		
STATE OF COLORADO			
1. Adams	X		
2. El Paso			X
3. Jefferson			X
4. Larimer	X		
5. Weld	X		
6. Denver		X	
7. Arapahoe			X
8. Boulder	X		
9. Pueblo			X
10. State Wide SDA			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF CONNECTICUT			
1. Bridgeport, Norwalk			X
2. New Britain/Bristol			X
3. Danbury/Torrington			X
4. Willamantic/Danielson			X
5. Hartford			X
6. Meriden/Middlesex			X
7. New Haven			X
8. New London			X
9. Waterbury			X
STATE OF DELAWARE			
1. State-Wide SDA			X
DISTRICT OF COLUMBIA			
1. D.C. PIC		X	
STATE OF FLORIDA			
1. Escambia	X		
2. Okaloosa			X
3. Bay			X
4. LEON			X
5. Alachua			X
6. Duval	X		
7. Clay			X
8. Citrus			X
9. Volusia			X
10. Seminole	X		
11. Orange			X
12. Brevard	X		
13. Pasco	X		
14. Hillsboro	X		
15. Pinellas	X		
16. Lee County	X		
17. Palm Beach PIC	X		
18. Tampa		X	
19. Sarasota			X
20. Polk			X
21. St. Lucia			X
22. Collier			X
23. Broward	X		
24. Dade			X
STATE OF GEORGIA			
1. North West Georgia			X
2. North East Georgia			X
3. North Atlanta			X
4. Georgia Mountains PIC			X
5. DOL			X
6. Chattahoochie			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF GEORGIA			
7. Middle			X
8. Heart of Georgia			X
9. Central Savannah			X
10. Georgia South Coastal			X
11. Chatam County			X
12. Southwest Georgia			X
13. South Georgia			X
14. Atlanta		X	
15. Dekalb	X		
16. Clayton County	X		
GUAM	X		
STATE OF HAWAII			
1. Hawaii			X
2. Maui	X		
3. Oahu		X	
4. Kaui			X
STATE OF IDAHO			
1. Kootenai			X
2. Latah			X
3. Ada Boise			X
4. Twin Falls			X
5. Bannock-Pocatello			X
6. Rexburg			X
STATE OF ILLINOIS			
1. Lake	X		
2. McHenry	X		
3. Winnebago			X
4. Caroll			X
5. Kane			X
6. Dupage	X		
7. Balance of Cook County	X		
8. North West Municipal			X
9. Chicago		X	
10. Will	X		
11. Kanakee			X
12. LaSalle			X
13. Rock Island			X
14. Knox			X
15. Peoria			X
16. Tazewell			X
17. Champaign			X
18. Vermillion	X		
19. Macon			X
20. Sangamon			X
21. Montgomery			X

State SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF ILLINOIS			
22. Madison			X
23. Cumberland			X
24. Monroe			X
25. Jefferson			X
26. Saline			X
STATE OF INDIANA			
1. Washington			X
2. Posey			X
3. Sullivan			X
4. Wayne			X
5. Delaware			X
6. Boone			X
7. Marion		X	
8. Fulton			X
9. Madison			X
10. Elkhart			X
11. St. Josephs	X		
12. Monroe			X
13. LaPorte			X
14. Lake	X		
15. Tippecanoe			X
16. Vigo			X
17. Dekalb			X
STATE OF IOWA			
1. Clayton			X
2. Mitchell			X
3. Buena Vista			X
4. Woodbury			X
5. Calhoun			X
6. Marshall			X
7. Blackhawk			X
8. Dubuque			X
9. Scott			X
10. Linn			X
11. Jasper			X
12. Carroll			X
13. Pottawatomie			X
14. Union			X
15. Jefferson			X
16. Des Moines			
STATE OF KANSAS			
1. Rural-Salina			X
2. Topeka			X
3. Kansas City			X
4. Wichita			X
5. Pittsburg			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF KENTUCKY			
1. Purchase			X
2. Central			X
3. Louisville			X
4. North Central			X
5. North East			X
6. Northern Kentucky			X
7. Eastern Kentucky CEP			X
8. Cumberlands			X
9. Blue Grass			X
STATE OF LOUISIANA			
1. Calcasieux			X
2. Shreveport		X	
3. Baton Rouge	X		
4. Jefferson	X		
5. Lafeyette	X		
6. New Orleans		X	
7. Ouachita	X		
8. Rapides	X		
9. 1st Planning District			X
10. 2nd Planning District			X
11. 3rd Planning District			X
12. 4th Planning District			X
13. 5th Planning District			X
14. 6th Planning District			X
15. 7th Planning District			X
16. 8th Planning District			X
STATE OF MAINE			
1. Cumberland			X
2. Penobscot			X
3. State-Wide SDA			X
STATE OF MARYLAND			
1. Baltimore County	X		
2. Baltimore Metropolitan			X
3. Frederick County	X		
4. Lower Shore			X
5. Montgomery County	X		
6. Prince George's County	X		
7. Southern Maryland			X
8. Susquehanna			X
9. Upper Shore			X
10. Western Maryland			X
STATE OF MASSACHUSETTS			
1. Berkshire			X
2. Boston		X	
3. Brockton			X
4. Fall River			X
5. Franklin Hampshire			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF MASSACHUSETTS			
6. Hampden			X
7. Metro North			X
8. Metro South-West			X
9. Bedford, Cape Cod & Island			X
10. Northern Essex (Lawrence)			X
11. Northern Middlesex			X
12. Northern Worcester			X
13. Coastal			X
14. Southern Essex			X
15. Southern Worcester			X
STATE OF MICHIGAN			
1. Allegan and Ottawa			X
2. Arenac			X
3. Barry, Branch			X
4. Bay, Saginaw			X
5. Berrien, Van Buren			X
6. Central Upper Peninsula			X
7. Detroit		X	
8. Downriver CC			X
9. Eastern Upper Peninsula			X
10. Genesse			X
11. Gratitot			X
12. Hillsdale, Jackson			X
13. Huron			X
14. Kalamazoo			X
15. Grand Rapids			X
16. West Central			X
17. Lansing Tri County			X
18. Ann Arbor			X
19. Macomb and St. Clair			X
20. Muskegon and Oceana			X
21. N.E. Lower Michigan			X
22. N.W. Lower Traverse			X
23. Oakland	X		
24. Pontiac			X
25. Wayne	X		
26. Western Upper Peninsula			X
STATE OF MINNESOTA			
1. North West			X
2. Minnesota CEP			X
3. N.E. Minnesota			X
4. Duluth		X	
5. East Central			X
6. Southwest			X
7. South Central			X
8. South East			X
9. Hennepin, Carver, Scott Co.			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF MINNESOTA			
10. Minneapolis		X	
11. Dakota			X
12. St. Paul		X	
STATE OF MISSISSIPPI			
1. Gulf Coast SDA			X
2. Jackson			X
3. State-Wide SDA			X
STATE OF MISSOURI			
1. N.W. Trenton			X
2. Area II Shelby			X
3. Kansas City			X
4. Johnson, Sedalia			X
5. Jefferson City			X
6. St. Louis County	X		
7. Ozarks-Jasper			X
8. Greene-Springfield			X
9. Camden			X
10. West Plains-Howell			X
11. Cape Girardeau			X
12. Balance of Jackson	X		
13. St. Louis City		X	
14. St. Charles	X		
15. Franklin			X
STATE OF MONTANA			
1. CEP			X
2. Rural			X
STATE OF NEBRASKA			
1. Omaha			X
2. Greater Nebraska			X
3. Lincoln			X
STATE OF NEVADA			
1. Northern			X
2. Southern			X
STATE OF NEW HAMPSHIRE			
1. Hillsborough County	X		
2. Balance of State			X
STATE OF NEW JERSEY			
1. Ocean County	X		
2. Middlesex County	X		
3. Morris County	X		
4. Monmouth County	X		
5. Bergen County	X		
6. Essex County	X		

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF NEW JERSEY			
7. Passaic County	X		
8. Mercer County	X		
9. Gloucester County	X		
10. Jersey City		X	
11. Union County			X
12. Newark		X	
13. Somerset/Hunterdon			X
14. Warren/Sussex			X
15. Burlington	X		
16. Atlantic/Cape May			X
17. Cumberland/Salem			X
18. Camden	X		
19. Hudson	X		
STATE OF NEW MEXICO			
1. Albuquerque			X
2. State-Wide SDA			X
STATE OF NEW YORK			
1. Broome/Tioga County			X
2. Dutchess/Putnam			X
3. Chemung/Steuben/Schuyler			X
4. Columbia/Greene			X
5. Orange	X		
6. Sullivan	X		
7. Ulster	X		
8. Yonkers		X	
9. Niagra	X		
10. Oyster Bay	X		
11. Hempstead	X		
12. Suffolk	X		
13. New York City		X	
14. Westchester County (excluding Yonkers)	X		
15. Rockland	X		
16. Albany/Rensseleer/Schenectady			X
17. Fulton/Montgomery/Scholarie			X
18. Saratoga/Warren/Washington			X
19. Clinton/Essex/Franklin/Hamilton			X
20. Jefferson/Lewis			X
21. St. Lawrence	X		
22. Herkimer/Madison/Oneida			X
23. Chenango/Delaware/Ostego			X
24. Cayuga/Cortland/Tompkin			X
25. Syracuse		X	
26. Onandaga Co. (excluding Syracuse)	X		
27. Oswego	X		
28. Ontario/Seneca/Wayne/Yates			X
29. Rochester	X		

State	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF NEW YORK			
30. Monroe Co. (excluding Rochester)	X		
31. Genesee/Livingston/Orleans/ Wyoming			X
32. Buffalo/Cheekowaga/Tonowanda			X
33. Eric Co. (excluding Buffalo)			X
34. Allegheny/Cataraugus/Chautaugua			X
STATE OF NORTH CAROLINA			
1. Alamance	X		
2. Buncombe	X		
3. Central Piedmont			X
4. Centralina			X
5. Cumberland	X		
6. Davidson	X		
7. Winston Salem	X		
8. Gaston	X		
9. Greensboro	X		
10. Charlotte	X		
11. Walle			X
12. Rural			X
STATE OF NORTH DAKOTA			
1. State-Wide SDA			X
NORTHERN MARIANA ISLANDS	X		
STATE OF OHIO			
1. Williams			X
2. Lima			X
3. Miami			X
4. Preble-Montgomery			X
5. Dayton	X		
6. Butler	X		
7. Hamilton	X		
8. Cincinnati		X	
9. Toledo			X
10. Marion			X
11. Springfield			X
12. Warren Cleremont			X
13. Sandusky			X
14. Richland			X
15. Delaware			X
16. Columbus			X
17. Fayette			X
18. Scioto			X
19. Lorrain	X		
20. Cleveland		X	
21. Cuyahoga	X		
22. Medina			X
23. Stark/Wayne			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF OHIO			
24. Perry			X
25. Lake	X		
26. Ashtabula			X
27. Trumbell	X		
28. Portage	X		
29. Mahoning			X
30. Youngstown		X	
31. Monroe			X
STATE OF OKLAHOMA			
1. North West			X
2. North Central			X
3. South West			X
4. South Central			X
5. Southern			X
6. Central			X
7. East Central			X
8. Tulsa			X
9. North East			X
10. South East			X
11. Eastern			X
12. Norman	X		
STATE OF OREGON			
1. Multnomah-Washington			X
2. Clackamas	X		
3. Marion			X
4. City of Euguene		X	
5. Lane	X		
6. Jackson-Josephine			X
7. Oregon Consortium			X
8. City of Portland		X	
STATE OF PENNSYLVANIA			
1. Allegheny County	X		
2. Pittsburgh City		X	
3. Beaver County	X		
4. Berks County	X		
5. Bucks County	X		
6. Centre Clinton/Lycoming Mifflin			X
7. Chester County	X		
8. Delaware County	X		
9. Erie County/City			X
10. Franklin Adams			X
11. Lancaster County	X		
12. Lehigh Valley			X
13. Lackawanna Scranton	X		
14. Luzerne Schuylkill			X
15. Mercer County Consortium			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF PENNSYLVANIA			
16. Montgomery County	X		
17. Northumberland, Columbia, Union/Juniata/Snyder/Montour			X
18. Philadelphia City		X	
19. SETCO			X
20. Southern Alleghenies Consortium			X
21. Tri-County Manpower			X
22. Washington Greene Counties			X
23. Westmoreland Lafayette Counties			X
24. Wayne Pike/Monroe/Carbon			X
25. Wyoming/Sullivan/Tioga/Bradford			X
26. McKean/Potter/Elk/Cameron/Jefferson/Clearfield			X
27. York County	X		
PUERTO RICO			
1. San Juan		X	
2. Balance of Puerto Rico			X
STATE OF RHODE ISLAND			
1. State-Wide SDA			X
2. Providence			X
3. Woonsocket			X
STATE OF SOUTH CAROLINA			
1. State Wide SDA			X
STATE OF SOUTH DAKOTA			
1. State Wide SDA			X
STATE OF TENNESSEE			
1. Unico			X
2. Greene			X
3. Knoxville	X		
4. Roane			X
5. McMilford			X
6. Hamilton			X
7. Smith			X
8. Cheatham			X
9. Nashville	X		
10. Coffee			X
11. Perry			X
12. Haywood			X
13. Tipton			X
14. Memphis			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF TEXAS			
1. Alamo			X
2. Austin			X
3. Brazos Valley			X
4. Cameron	X		
5. Balance of Capital Planning			X
6. Central Texas			X
7. Balance of Coast Bend			X
8. Concho Valley			X
9. Corpus Christi			X
10. Balance of Dallas			X
11. Dallas		X	
12. Deep East Texas			X
13. East Texas			X
14. Ft. Worth Arlington			X
15. Golden Crescent			X
16. Balance of Gulf Coast			X
17. Balance of Harris	X		
18. Heart of Texas			X
19. Hidalgo and Willacy			X
20. Houston		X	
21. Lubbock			X
22. Middle Rio Grande			X
23. North Central Texas			X
24. North East Texas			X
25. North Texas			X
26. Panhandle			X
27. Permian Basin			X
28. South East Texas			X
29. Balance of South Plains			X
30. South Texas			X
31. Texoma			X
32. Balance of Torrent	X		
33. Upper Rio Grande			X
34. West Central			X
TRUST TERRITORIES OF THE PACIFIC ISLANDS			
1. The Republic of Palau	X		
2. The Republic of the Marshall Islands	X X		
3. The State of Yap	X		
4. The State of Ponape	X		
5. The State of Truk	X		
6. The State of Kosrae	X		

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF UTAH			
1. Weber/Morgan			X
2. Salt Lake City	X		
3. Davis			X
4. Mountainland			X
5. Bear River			X
6. Six County			X
7. South West			X
8. Unitah Basin			X
9. South East			X
STATE OF VERMONT			
1. State-Wide SDA			X
STATE OF VIRGINIA			
1. Planning Districts I & II			X
2. Planning Districts III & IV			X
3. Fifth District E&T Consortium			X
4. Planning Districts VI & VII			X
5. Planning Districts IX & X			X
6. Planning Districts XIII, XIV, & XIX			X
7. Planning District XV			X
8. City of Richmond		X	
9. Peninsula Office of Manpower			X
Programs			X
10. Bay Consortium			X
11. Southeastern Tidewater Area			X
Manpower Authority			X
12. Nortnern Virginia Manpower Consortium			X
13. Alexandria/Arlington			X
14. Central Piedmont Employment Consortium			X
VIRGIN ISLANDS	X		
STATE OF WASHINGTON			
1. Olympic			X
2. Pacific Mountain			X
3. North West			X
4. Snohomish	X		
5. King/Seattle			X
6. Tacoma			X
7. South West			X
8. Grant			X
9. Tri-Valley			X
10. Eastern Whitman			X
11. Walla Walla			X
12. Spokane			X

State/SDA	Single County SDA	Single City SDA	Multi-Jurisdictional SDA
STATE OF WEST VIRGINIA			
1. Kanawha County	X		
2. Charleston City	X		
STATE OF WISCONSIN			
1. Milwaukee	X		
2. S.E. Wisconsin			X
3. East Central			X
4. Dane	X		
5. South Central			X
6. Rock	X		
7. Lake Michigan			X
8. Western Winnebago			X
9. Northern Winnebago			X
10. Central			X
11. West Central			X
12. North West			X
13. North Central			X
14. North East			X
15. South West			X
16. Western			X
17. Marathon	X		
STATE OF WYOMING			
1. State-Wide SDA			X

Mr. **Hayes**. Thank you, Mr. Kolberg. We will complete the panel, and then each of you may have a few questions. The next witness is Ms. Marsha Oliver.

STATEMENT OF MARSHA OLIVER, PRESIDENT, INDIANAPOLIS PRIVATE INDUSTRY COUNCIL, INC., ON BEHALF OF THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Ms. **Oliver**. Thank you. Mr. Chairman and members of the subcommittee, I am Marsha Oliver, chairman of the National Association of Private Industry Councils and president of the Indianapolis Private Industry Council. I welcome the opportunity to speak with you today and am encouraged by this hearing.

I bring a message to you today on behalf of more than 600 private industry councils and their more than 11,000 private sector volunteers, all of whom want you to know that JTPA is working. It's working for unemployed adults, it's working to help youths enter the labor force, and it's working for businesses, large and small. It's making partners of local elected officials, business and community leaders. In what is a relatively short period of time, these partnership have not only flourished, but have resulted in some very creative solutions to some age old problems.

It is with that enthusiasm in mind that I ask you to consider three suggestions on the JTPA implementation, allocation of funds to States, the impact of serving certain target groups on performance standards. First, implementation, I have already said it is working. The hands off attitude of the Department of Labor and the willingness to let locals plan and develop their own programs have made PIC's realize how capable they really are. In fact, in this relatively unrestricted environment, you could say PIC's are on a fast track.

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What we need now is training and technical assistance which only DOL can spearhead. We realize the new futures of JTPA and the history of job training are based on rich experiences with past Federal programs. Performance contracting, performance standards, youth competency standards, what has worked for decades, what hasn't, DOL has the raw data which we need to come up with some creative long-term solutions, but we have no time nor desire to reinvent the wheel.

Further, we ask that DOL provide more definitive guidance, especially regarding the content of Federal audits. PIC's as much or more than any group want fair and reasonable accounting in JTPA expenditures. However, in the absence of guidance, States feel compelled to create needlessly complex systems to second guess the Federals. I, and those I represent, say the potential waste this represents both in dollars and manpower is reason enough to come up with those guidelines now. Again, PIC's do not view these suggestions as infringements on their territory. We ask that the Department develop a process of identifying information and technical assistance needs that define a priority, bid national funds, and that it provide leadership in coordinating national, regional, and State efforts.

Second, the allocation of funds to States specifically State and sub-State allocation formulas under JTPA, as we're all aware and has been previously testified, JTPA uses a very complex formula to determine fund amounts on the basis of poverty and levels of structural unemployment. These are relatively constant factors. Therefore, it would be natural to assume that funding shifts would not shift widely from year to year. Well, let us all hope that they do not, because it would be almost impossible to market a stable employment and training system without stable infrastructure of which funding is the key. This is needed for title II-A, title II-B and title III.

Lastly, performance standards. Here is an issue deeply affected by the recordkeeping requirements of JTPA. The data that is collected now helps to determine what the standards will be for the future. Where earlier I mentioned the need to simplify the system, here is a case where a few cosmetic changes to forms or systems can result in more representative performance standards. Filling gaps under client characteristics, such as educational levels and the amount of weeks on welfare, would certainly have the potential of impacting national performance standards. Also being able to add the attainment of youth employment competencies to the Federal report form would be nice since over 300 PIC's have worked for almost 2 years to develop local systems and now have no way to show that they are on target.

Since I have been talking about recordkeeping, I would like to take that a step further and say that NAPIC is in favor of postprogram followup on JTPA clients. We support it because it is really the only way on a local level to say to taxpayers JTPA offers great return on investment. Again, we see the Department of Labor taking the lead so that States, SDA's, can eventually share comparable information.

And so to summarize, you have 11,000 private sector volunteers out there who want you to know JTPA works. Now that we've proved what we can do for you, we are here to tell you what you can do for us. That is make technical assistance a priority. We are moving too fast for it not to be. Since JTPA is targeted to a constant and structurally unemployed and economically disadvantaged, don't let current funding formulas be influenced by small movements in local cyclical unemployment. And last, allow us at a local level to really serve the most in need. We know the system will operate only as well as the information entered into it. Make it possible for us to tell you more so that JTPA can progress through its adolescence and into maturity. Thank you very much.

Mr. HAYES. Thank you, Ms. Oliver.

[The prepared statement of Marsha M. Oliver follows:]

PREPARED STATEMENT OF MARSHA M. OLIVER, PRESIDENT, INDIANAPOLIS PRIVATE INDUSTRY COUNCIL, INC., ON BEHALF OF THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Mr. Chairman, Members of the Subcommittee, I am Marsha Oliver, President of the Indianapolis Private Industry Council, Inc. and Chairman of the Board of Directors of the National Association of Private Industry Councils (NAPIC). The Indianapolis Private Industry Council serves as the administrative entity for Job Training Partnership Act funds in Marion County, Indiana, which includes the City of Indianapolis. NAPIC is the only national membership organization for Private Industry Councils (PICs). Membership in NAPIC is open to all Private Industry Councils and State Job Training Coordinating Councils (SJTCCs). The Association has approximately 200 member PICs at this time.

I am pleased to appear before you today at this oversight hearing to discuss the Job Training Partnership Act (JTPA) and its implementation at the federal, state and local levels.

My major message today, Mr. Chairman, is that the Job Training Partnership Act is working very well indeed. It is working for unemployed adults and youth preparing to enter the world of work; it is working for large and small employers and it is working for all our citizens through increased productivity by equiping people to go from taxpayer dependency to economic self sufficiency in cities, towns and rural communities across this nation. The thousands of business and other community volunteers who serve on over 600 private industry councils and state councils have made a positive difference to the nation's job training and placement programs. The dynamic partnerships between elected officials and private industry councils make a real difference. So to does the increased communication between governors and local employers through state councils and PICs that has led to a new spirit of cooperation in considering the educational and economic development needs in the states.

Mr. Chairman, we should not be surprised by these accomplishments. After all, these outcomes are among those you in the Congress espoused when you drafted the Job Training Partnership Act. We the PIC volunteers and professional administrators of JTPA are proud of the accomplishments of this program in two short years. As you will recall, public confidence in federal job training programs had seriously eroded a few years ago. Today, however, positive articles on the business support for these programs, on the general quality of these programs, and on the community support for and participation in these programs is routine in the media of hundreds of communities.

Nonetheless, while we believe that the successes of JTPA are rightly recounted and due credit given, we also recognize areas for improvement and problems we must address. This also should come as no surprise. Virtually all federal programs that serve a variety of goals, population groups and regions of the country have engendered disagreements as to mission and performance. It is in a spirit of constructive dialogue, attempting to understand our successes and our shortcomings, to find solutions that work, to clarify the goals of our endeavors that we join this hearing today.

Mr. Chairman, we are particularly pleased to note the new leadership at the Department of Labor and its Employment and Training Administration. Since his confirmation in June, Secretary William Brock has reinvigorated the Department with his own sense of mission and service. We believe that Mr. Brock is uniquely qualified to provide the same leadership to the business community, elected officials and the professionals in the job training network. Mr. Roger Semerad, the designee as

Assistant Secretary for Employment and Training, is a seasoned veteran of job training programs from a variety of perspectives. Together, they have set youth education and employment, productivity, worker displacement and improved coordination with education and economic development as the primary issues of their tenure. PICs will share this assessment. PICs look forward to leadership, assistance and support from the Department and the Congress as we move to address these important issues.

IMPLEMENTATION ISSUES

Mr. Chairman, Members of the Subcommittee, from NAPIC's vantage point the implementation of JTPA appears to have gone smoothly in the main. The advent of JTPA presented major challenges to states and localities in forging policy development and administrative structures that met the requirements of JTPA. These changes had the potential to create a chaotic situation during the transition period. Instead the system handled the changeover in an organized and systematic fashion. Results from the first National Alliance of Business, Westat and Independent sector surveys support our more subjective reading. Credit is due policymakers at all levels of the system for this accomplishment.

During the implementation of JTPA, the Department of Labor promised states and localities a hands-off approach in keeping with the spirit of state and local decision-making underpinning the law. The Department kept its promise, allowing states and localities to define their partnerships and develop policies and procedures for doing business. In turn, states and SDAs and their PICs developed the procedural, administrative and institutional framework for JTPA.

The Department's approach was to be preferred to one that emphasized detailed federal regulation. At the same time, however, this approach has left a number of questions unanswered and issues in doubt. Now that PICs have turned to matters of program design, assessment and oversight, NAPIC hears the same questions raised over and over again. The consistency of certain questions suggests, we believe, that the Labor department could play a constructive role by moving rapidly to address these matters through the development of a national plan for technical assistance, training, information sharing and other forms of guidance.

Over the past three years, the National Association of Private Industry Councils has been active in providing training and technical assistance to local PICs and their staffs. It has been our experience that not only are a majority of PIC members new to this system, but so are a great number of their staffs. This being the case, technical assistance for the policymakers, administrators and program operators is of the utmost importance. It also is one of the areas where the Labor Department can play an appropriate and constructive role.

We have in mind both the training and technical assistance that is required because of the new features of JTPA and training that draws upon the rich experience of past federal initiatives as well as innovative approaches that have emerged under JTPA. In the first instance, we suggest that a positive contribution can be made in such areas as performance contracting, performance standards and PIC approved youth employment competency systems. In the second instance, we note the wealth of information that exists on successful efforts from the previous two decades of federal job training experiences, especially information on effective strategies in assisting disadvantaged youth. Under JTPA a number of good ideas have been tried in specific program areas as well as in marketing and coordination with related systems in economic development, welfare and education.

Investments in those who plan, oversee and operate this new system are important and will pay dividends through improved quality and efficiency at the state and local level. Private employers have long recognized this fact in their businesses. JTPA's volunteers, elected officials and professional staff are its major asset. We do not have time to reinvent the wheel. The Department should take a leadership role in providing training and technical assistance on proven strategies if this program is to prosper as a model for federal, state and local cooperation.

I would not like to turn in somewhat more detail to a few of the areas where federal leadership and support appears most appropriate. One of the most critical changes and important innovations to the employment and training system was the institutionalization of the performance standards. The Department deserves credit for the deliberate approach that was developed for disigning and implementing the performance standards. However, the performance standards system is complex. It involves both statistical analysis and an understanding of process. States and localities have not received the kind of in-depth training necessary to make the performance standards system work as effectively as it might. As you know, states and

SDAs have been quite successful in meeting the various standards as promulgated by the Labor Department. However, we are concerned that states and SDAs do not have the information they need to use performance standards to measure performance against locally determined goals.

All too often, the standards are driving the system in a rigid fashion rather than measuring the efficacy of local decisions. As designed by Congress, these standards were flexible—taking into account a local areas decision to work with harder-to-serve youth or choosing higher skill, longer term training strategies. However, we are concerned that the flexibility of the performance system is rarely understood and, therefore, almost never used. To ensure the credibility and usefulness of a system that most of us supported, it is important that the Department provide for adequate training in this area. NAPIC, in conjunction with the National Governors Association has been offering training in this critical area, but more needs to be done.

In addition to performance standards, we find that the role of the federal government in the audit process remains one of the major concerns of administrators and volunteers alike. The Department of Labor has provided very little quidance to states in this regard. States have found themselves in a position of imposing more statewide regulations than might be necessary for fear of the unknown content of federal audits. The major issue in this regard is whether the federal government will accept state rule-making concerning allowable JTPA expenditures (provided, of course, such rules are consistent with reasonable accounting standards and audit procedures). All too often the Department prefers to tell the States that interpretations of the law are up to the Governor while reserving the right to determine the meaning of the law independently during federal audits. Clearly, this posture has led to increased red tape and paper work at the state and, therefore, local levels. Too often, SDAs are losing the promised benefits of an Act that emphasizes results over process and record keeping. It is time for the Department to provide relief in this regard. Only federal guidance will discourage states from needlessly creating complex management, accounting and auditing procedures simple to insure that they are not second guessed at the federal level.

There are a number of additional areas where a federal presence in the technical assistance field would prove beneficial. For example, PIC approved youth employment competency systems, as authorized in Section 106 of the Act, offer a key method of forging cooperative relationships between PICs and public secondary education systems. PIC members recognize that school reform is essential to solving the problems which they attempt to address in adults. NAPIC believes that business involvement with educators in developing such competencies offers a positive contribution to our educational systems. In the youth employment and education area, NAPIC has joined with a number of national organizations sharing and technical assistance. These recommendations have been shared with the Secretary.

If time permitted, we could go on to list topics from older worker employment to the necessary elements of a PIC–LEO Agreement for where DOL provision of, financial support for, or coordination of existing efforts might prove beneficial.

The Department currently invests in information and technical assistance through in-house efforts and contracts with a variety of public, nonprofit and private organizations. Yet the current system often fails to address the most pressing needs (as pointed out above, these areas either require direct federal involvement or more resources than any one group has), often fails to coordinate efforts among national and state groups, and does not set priorities, based on state and local input, for its staff and contractors to follow. Therefore, we recommend that the Department develop a process for identifying information and technical assistance needs, that it order these needs by federal priority, that it bid national funds in response to its priorities, that it provide leadership in coordinating national and regional efforts, and that it assist the states in identifying expertise in one state that might be of assistance to other states so that we gain greater efficiency in our training expenditures at all levels. We know that the Secretary is committed to improving federal training and technical assistance. We hope that these suggestions are of some assistance in setting his coming agenda in this regard.

ALLOCATION OF FUNDS TO STATES

Mr. Chairman, with regard to federal funding of JTPA two points should be emphasized above all others. First we need adequate funding to deliver the potential benefits of this program. At a minimum, level funding of JTPA in the Fiscal Year 1986 appropriation is needed. Second, funding of PICs has to be stabilized on a year-to-year basis.

On the second point, the existing JTPA allocation formulas are a major concern among all of us. Allocations for a job training system should be guided by two principles. First, funds should be distributed in a relatively equitable manner on the basis of need. As you know, JTPA, through a relatively complex formula, targets money on the basis of poverty and level of structural unemployment. Second,—But of major importance in the short-run—since we are funding an education and training system which requires a stable infrastructure and the capacity to market its product on a reliable basis over time, the funding shifts from year to year should be relatively small.

We believe that these two principles are compatible in the job training arena. After all, the programs are targeted to the structurally unemployed and economically disadvantaged. This population does not vary dramatically within most communities from year to year. Yet JTPA funds, thus far at least, tend to fluctuate widely from state to state even with the 90 percent hold harmless provision and to fluctuate immensely at the PIC level where such a protection does not exist.

To many PIC members it does not appear that the current formulas are targeting to the areas of greatest need but rather are being influenced by small movements in state and local cyclical unemployment. As a consequence, several states absorbed cuts of the full ten percent and scores of PICs and their SDAs were cut by over 25 percent for the current program year. PICs cannot operate programs that have the confidence of the community— they can neither invest in development nor establish a stable source of employers who use their program—in the face of cuts of this magnitude. Furthermore, the target population—the low income and the unemployed—are virtually unchanged in absolute numbers in the community whose job training funds are cut by 40 percent.

Those of us who support the JTPA system have been discussing the allocation shortcomings of the current law for some two years. As you know, the proposed solutions include: changing the formulas in the Act; applying the 90 percent hold harmless at the Service Delivery Level; or identifying adminstrative solutions that would not require Congressional action. While the last option is now largely moot, NAPIC is not certain that we have the necessary data on which to develop an informed solution. A 90 percent hold harmless might lock in any inequities of the past two years. A rewrite of the formulas by the Congress is fraught with difficulty and uncertainly. We do recommend that this Subcommittee look at the matter carefully.

RECORDKEEPING REQUIREMENTS OF THE JTPA PROGRAM

While NAPIC continues to support the reduced paperwork of JTPA, there are a few areas where we suggest modifications in the current requirements. Above all, an item that must be added to the JTPA Annual Status Report (JASR) is the "attainment of youth employment competencies". Over the past two years over 300 Private Industry Councils have worked to develop a local system of youth employment competencies as a way to broaden their options for youth training strategies and therefore youth positive terminations. Private Industry Councils took the initiative in this arena to exercise their option under section 106 of JTPA with very little direction from the Department of Labor. At the present time, while PICs are counting youth who attain locally developed competencies as a positive termination, this information is only recorded at the local and state levels. The federal government has no idea when it gathers the data from states how many of the youth positive terminations nationally are due to the attainment of employment competencies, separate and apart from the other positive terminations (placements, entering the military, returning to full time school, completing major level of education, or entering non Title II training.) This is because at the present time the youth who attain competencies are recorded on the JASR with all "other terminations."

The addition of a data element on the JASR to record attained youth competencies will meet two purposes. First, such an element will send a message to the system that legitimizes programs that teach youth employability skills but may not have placement on the job as the ultimate outcome. It will also support Private Industry Councils for having taken an intitiative that may have come at potential audit risk, by developing their systems of youth employment competencies. Second, the addition, of this data element will assist the overall system in deriving the national performance standards. At the present time, it is difficult for the Department of Labor to do any modeling (with respect to the regression analysis model) around the positive termination rate for youth because their are no discrete numbers for this part of the calculation. This has the effect locally of giving greater weight to placements than any other terminations for youth. As we all know, some youth may require different program objectives to bring them "up to speed" around the skills they need to get and keep entry level jobs in their local communities. Without the ability to record attained youth competencies as part of the positive termination rate, we will continue to send a message to the system which may result in placing youth on jobs before they have the ability to retain those jobs.

Beyond the youth competency issue, we also recognize that other data on our efforts is necessary for reasons of assessment and accountability. For example, most states require that PICs collect more data on participants than DOL requires and collects. For the most part this is acceptable since we need the data to measure our progress toward program goals. In most states and localities we know more about the characteristics of our participants, the types of services and training they receive and the outcomes of their participation than is reflected in federal data.

One of the uses of the data collected under JTPA is to derive national standards within the present DOL performance standards system. While the system presently used accounts for several client characteristics that have an impact on local performance, there are other factors that may partially define whether a client is hard to serve which are not collected nationally.

The collection of a few clients factors as eduational levels and amount of weeks on welfare would not create additional paperwork requirements. PICs and SDAs would benefit from the resultant improvement in the national standards.

A third issue with respect to record keeping that I would like to address has to do with the collection of follow-up data and the implementation of a post-program performance standards system. The National Association of Private Industry Councils supports the collection of follow-up data on JTPA clients. We support them because we believe that the system has a responsibility to articulate the return on the taxpayers investment. We also believe that post-program information can provide credibility with state legislators and with the private sector. Follow-up information can also be particularly helpful in assisting states to coordinate job training progrmas with other state initiatives.

The National Governors' Association recently completed a survey of the states on a variety of performance standards issues and while the report is not complete at this time they did discover some important information regarding post-program data collection. The survey indicated that twenty-eight states (57% of those responding) have already implemented a follow-up system which collects some of the information recommended by the JTPA Performance Standards Advisory Committee. By the beginning of Program Year (PY) '86 fully 80% of the states which responded to their questionnaire plan to have operational systems. The question is no longer should follow-up be done, but how a consistent system can be achieved. States and locals, as well as the Department, will benefit from a national approach to follow-up which allows DOL to establish national standards while providing the states and localities with the ability to share comparable information.

TARGET GROUPS

As the Subcommittee knows, there have been few areas of JTPA that lead to as much controversy as that of who is being served by JTPA. As we have indicated in the past, the first point that needs to be stated is that JTPA is serving eligible individuals characterized by poverty, poor educational attainment, and unemployment. This is as the Act intended. To the criticism that we are not serving the most difficult of the hard-to-employ, I believe most PICs would respond that they are serving the motivated from among those who face real barriers to employment. Since we can serve three to five percent of the eligibles in our communities in any one year, this appears to be a reasonable decision.

At the same time, we recognize that our investments in people should go to those who will show significant long-term financial gain through our assistance. This observation takes us back to our earlier points that JTPA needs a credible follow-up system and it needs constructive assistance in the use of performance standards. It also raises the need for greater progress in developing the PIC's role in joint planning for local Job Service activities. Finally, it suggests that Congress may wish to reassess the limits placed on financial assistance and program design by JTPA. Given a growing economy, PICs can train a variety of those in need of help provided they are given the financial resources and program tools necessary for the task at hand.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, we would summarize our observations and recommendations as follows:

The implementation of JTPA was completed in a successful fashion, some 11,000 volunteers are now active partners in the job training system;

The Department of Labor has primary responsibility for determining the informational, training and technical assistance needs of the various partners under JTPA through efforts that identify the policy and programming needs of states, local governments and PICs, fund those activities deemed federal priorities, and coordinate other publicly funded efforts, especially state capacity in these areas;

Congress and the Department should investigate the issues of equity and stability in JTPA funding, since they are central to the long-term viability of JTPA, and develop appropriate legislative or regulatory changes;

Level funding for JTPA should be maintained; and

The Department should move swiftly to improve the performance standards through the implementation of follow-up procedures, the improvement of the data base underlying the standards, including provision for attaining PIC approved youth employment competencies, and improved training and technical assistance.

This concludes my formal presentation. Thank you for your attention. I would be happy to answer any questions.

Mr. HAYES. Our next witness.

STATEMENT OF J. MARTIN JENSEN, EXECUTIVE DIRECTOR, NATIONAL JOB TRAINING PARTNERSHIP, INC.

Mr. JENSEN. Mr. Chairman, thank you very much. I am Martin Jensen, executive director of the National Job Training Partnership. We are a national association of some 200 local and State agencies with formal responsibilities under the Job Training Partnership Act, and we are a broad umbrella organization for all of the various State and local partners in the system.

Mr. Chairman, so much has been said and so many things need not be repeated that I will just try to generalize a bit and perhaps touch with some slightly different emphases on some of the points that have been made rather than belabor the points, because they have all been excellent.

I think in the first instance, I want to say that in its first 2 years of operation, the JTPA system has done pretty well what it was asked to do as its highest priorities. It got itself established, and it's a geographically and political restructuring process that was very difficult. The private sector interests have become involved and indicate that they intend to remain so. The States have assumed primary responsibility for administering the programs, and developing their own policies and planning mechanisms quite unaccustomed, quite different from what they're accustomed to under the old CETA regulations and the Wagner-Peyser regulations that provide such detailed guidance to them.

The programs are performance driven, and with heavy emphasis on placement at the least cost, and training in a broad sense absorbs something like 75 percent of the available funds under title II-A, so that's what the system was asked to do, and it seems that the system has been responding quite well to that.

In other words, it's important to emphasize that the system has been remarkably responsive to national leadership as all of the studies have concluded, and as I think Professor Orfield confirmed in a very dramatic fashion here today.

In that context, the hearing of this subcommittee and the new leadership of Secretary of Labor Brock and his team will combine or have combined really to alert the system to expect some new signals, and those are forthcoming and will perhaps fall in these areas.

The performance standards, as you heard, are being revised to reflect JTPA goals of long return benefits to a broader range of participants. The Department is moving cautiously, perhaps too cautiously, toward postprogram performance measures based on what happens to program graduates some weeks after they leave the program. Our own soundings based upon partnership forums we held across the country indicate that State and local officials are getting ready for the longer term measures, but they are apprehensive about how they will be used and rewards and sanctions systems, and how they will impact already strained administrative, but particularly program budgets. One key in this whole area has already been mentioned to you. I would like to reemphasize the necessity for uniform definitions of such terms as participant, termination, and placement, for without them, the data we collect and the operation of those performance standards cannot be equitable across the State, let alone across the country.

On the problem of youth service, the programs need encouragement, guidance, technical assistance, some regulatory belief, encouragement and guidance on expanding basic skills training, clear guidance on the use of fixed unit price contracts for youth services which they have not received, and perhaps clearance in an administrative regulation or in policy guidance to allow the payment to youth of earned incentive payments as a mean of coaxing them into and keeping them in the programs.

On services to targeted groups, and especially disadvantaged persons, this is a major item for national leadership to which the system is so responsive, and with that, I am confident that State and local officials will shift their focus away from OJT for job ready high school graduates to work program designs that reach and serve those with lower skill levels, more of those with lower skill levels and barriers to employment.

Since innovation is a risky business in an environment of compliance paralysis, a phrase that I think Dr. Orfield used yesterday, if he didn't repeat it today, the system needs reassurance that the flexibility it has been told it has will not be repudiated in any new guidance or requirements that come out or in the process of the audits yet to come.

On the point of an audit guide, perhaps an audit guide, a national audit guide itself is not the best device, but maybe it is. As I sense from people in the system, the State and local offices, what they want is some sense of confidence, some explicit statement that gives them to believe that firm understandings have been reached between the employment training administration and the offices of the inspector general, and what the elements of a Federal audit are going to be and what they will expect the States to audit their subgrantees on.

A final point on technical assistance, so much has been said so well today on the need for additional technical assistance for the system, and I won't repeat that, I will just simply suggest for your consideration that it may be time to consider reestablishment of an Office of Management Assistance, something akin to what was established in 1979 pursuant to the CETA amendments, perhaps not as large an undertaking, but certainly a devoted undertaking to develop a national technical assistance plan in the Department of Labor, to identify technical resources and channel funds into those areas of technical assistance where there is high priority in terms of the needs of the system.

Just to ensure that my testimony includes recognition of the problem with the allocation formulas, the necessity for funding stability, legislative remedies may be required in that respect, but I think the Department could do more to assist the States in administrative ways. For example, they could get the State employment security agencies and the JTPA agencies together in active working groups to help formulate areas of substantial unemployment, those pockets of high unemployment which are a very important factor in two of three formula factors in title II.

People at the local level tell me that in talking with their State officials, they have identified pockets of unemployment, but are unable to get them to do the necessary data work to establish those ASU's so that they can be used for formula allocations. In title III, there is an emphasis that needs to be made here, that as funds are cut as a result of underspending, it's important that that cut be combined with some arrangements to distribute those funding cuts so that the States who have fully committed their funds are not unduly penalized, and that as I understand it, is not included in either the House or the Senate appropriations bills at the present time.

Just finally, Mr. Chairman, I would say that as others have said, that Secretary Brock and Assistant Secretary designate Semerad and his deputy, Robert Jones, are viewed with optimism throughout the system. There is a sense that the Department has equipped itself for the new era of constructive leadership and employment training policies and programs.

I think it's important that if the current limited guidance to which the system has become accustomed has caused program paralysis, as Professor Orfield has suggested, then new requirements could compound that problem if they're not administered delicately, a delicate balance between the need to issue guidance, and at the same time to respect the customs that have developed in a flexible way so that you can coax the system toward longer term benefits for the most in need through only necessary information requirements, through carefully crafted performance measures and through clear and consistent articulation of the broader goals of the act. Thank you, Mr. Chairman.

Mr. HAYES. Thank you, Mr. Jensen.

[The statement of Mr. Jensen follows:]

PREPARED STATEMENT OF J. MARTIN JENSEN, EXECUTIVE DIRECTOR, NATIONAL JOB TRAINING PARTNERSHIP, INC.

Mr. Chairman and Members of the Subcommittee: I am Martin Jensen, Executive director of the National Job Training Partnership, Inc., an association of some 200 local and state agencies with formal responsbilities under the Job Training Partnership Act. The Partnership was organized in November and December of 1983 by a broad group of actors—state and local, public and private—in the new job training system and is the only national organization representing all of the various state and local "partners" under JTPA.

I am grateful for this opportunity to appear before you today in another of your series of hearings into the operation of programs under the Act.

The basic purposes of The Partnership are to provide current and historic information on employment and training programs and policies and to facilitate information exchange among JTPA professionals and policymakers at state and local levels. Within that context, my testimony reflects concerns expressed in my discussions with our members, as well as my own observations as a former Senate staff professional and state CETA administrator who helped with the initial transition to JTPA in Illinois.

OVERVIEW

It has become customary to say that the JTPA system represents a marked departure from federal employment and training programs of the past, dating back over 20 years. It is probably more accurate to say that JTPA is the second major departure in a row. The CETA system differed significantly from its predecessors with its reliance on local elected officials to plan and administer the programs and its heavy emphasis on temporary public service employment. In addition, the concept of private sector involvement was initiated—and initially tested—under title VII of CETA, enacted in 1978 at the behest of President Carter.

But implementation of the JTPA brought the private sector into fuller involvement not only in the job training programs directly funded under the Act, but also in the Job Service and, through efforts to coordinate, in other human, community, and economic development programs that are operated at the local level.

The other major thrusts of the Act that are usually cited as distinguishing characteristics of the new system are:

Greater responsibilities for state governments;
Increased emphasis on program performance measures;
Restrictions on income support and work experience earnings for trainees;
Prohibition on subsidized public service employment; and
Job training as a primary emphasis.

In my view, there are two other areas of difference that helped to shape the JTPA system as it has now become:

New local alliances resulting from the restructured geography of service delivery areas; and
Policy development process that is more complex and interactive than that of any other program administered by states.

The "partnership" referred to in the title of the Act is a local phenomenon—a novel entity (or working arrangement) at the local level between the private-sector-dominated Private Industry Council, on the one hand, and one or more usually local elected officials.

In the early days of JTPA implementation, a major question was, "Which local elected officials?" For most areas of the country, geographic restructuring of the CETA prime sponsor areas was necessitated by JTPA provisions increasing the minimum population to 200,000 and emphasizing coherence of customary labor markets. Many of the local officials, who were called on to organize a service delivery area and the public half of the partnership, had little experience with program design and administration. This was particularly true for those whose jurisdictions had been served by multi-county, state-operated "balance-of-state" programs under CETA. Many others with direct authority for a local CETA program no longer could qualify because of the higher population threshold.

In all of these situations, there had to be literally hundreds of consortium agreements among local elected officials. They were necessary prerequisites for reaching understandings about the geography of the service delivery area, the place of a variety of governmental subdivisions in the public side of the "partnership," and the authority to appoint members of the Private Industry Councils. What is remarkable is that these complex adjustments, and the extensive interaction that were required to make them, were made in a few months or, in many cases, weeks.

At the state level, the act envisions a policy development process and administrative structure that is also complex and interactive and very different from any other federal program administered by the states.

THE FEDERAL ROLE

How did federal officials, particularly in the Department of Labor, visualize their comparatively restricted role in the new system? More restrictively than most observers had imagined they would.

The Department issued surprisingly concise federal regulations that, in many respects, either parroted, or referred readers to, the language of the Act itself.

Grant administration and policy interpretation, which had been decentralized to 10 regional offices under CETA, was recentralized in the national office.

An early investment of federal dollars in technical assistance produced a host of useful ideas for state and local officials.

The Department's Inspector General surveyed state agencies to determine their readiness to implement JTPA subgrant and financial control systems.

Preliminary performance standards, based on evaluation measures developed under CETA, were refined and issued.

Federal reporting requirements were prescribed under a doctrine of minimal data collection, and to assure availability of broader data for tracking participant impact, arrangements were made with the U.S. Census Bureau to collect information for a job Training Longitudinal Survey (JTLS).

Federal responsibilities were identified in the Act, and "compliance review guides" were issued in 1984 to DOL regional staff for their use in reviewing state administration in these areas of explicit federal responsibility.

But there also was a host of questions from state and local staff accustomed to more explicit guidance from federal authorities and concerned not only about "doing it right" but also about the possible financial consequences of mistakes. Where the answers were fairly obvious and applicable to the instant case, they were often provided in direct, discrete communications. But where the question was of some moment and recurred from many quarters, the Department was cautious about saying anything to the system as a whole. The governing principle, as expressed by a DOL official on several occasions, was as follows:

"In any decision to issue something, a proposal always is measured against potential erosion of our principles that guide us:

"Training as a primary emphasis,
"Performance of the program,
"Private sector involvement, and
"Role of the states."

In the early days of JTPA implementation, the Department's restraint was considered frustrating, but as the systems have matured over the two years that JTPA programs have been operating, the frustration has given way to some intrepid problem-solving. Constantly remined by the Department of their flexibility—Read the law; ask the Governor—state and local officials have taken the bit and made many decisions without explicit clearance from federal officials. The residual concern, however, is that any new policy guidance that may emerge from the Department will reputiate the course they chose in an environment of flexibility and lead to audit exceptions after the fact.

Under the circumstances, it appears evident that the JTPA system would be more comfortable—and better served—if the Department essentially maintained its posture of restraint in issuing regulations or guidance which have the strength of federal rules. Where flexibility has been conferred—and advertised—in the past, it should be preserved unless there is significant evidence of illegality or perversion of the goals of the Act.

That is not to say that the Department should remain as reserved as in the past, but as its more active role emerges, it should take two parallel dimensions:

Direct technical assistance to states having specific problems, and

Technical assistance and training in broad program areas where trouble is evident.

Mr. Chairman, the President's selection of William Brock as his new Secretary of Labor was well received throughout the employment and training community. In his initial appearances, he communicated a sense of understanding and concern for the importance of job training to under-privileged youth and adults and the victims of economic dislocation. He also fueled expectations that the Department would be more forthcoming and helpful in support of the JTPA and its goals.

After many weeks of waiting for clearance processes to be completed, the core of the Secretary's team has taken shape with the nomination of Roger Semerad as Assistant Secretary for Employment and Training and Mr. Semerad's public expression of support for retaining Roberts T. Jones as Deputy Assistant Secretary. Each of these developments has further encouraged the view that the Department is equipping itself for a new era of constructive leadership in employment and training policies and programs.

Mr. Chairman, the National Commission for Employment Policy has observed that all major studies of JTPA implementation conclude that the delivery system has been remarkably responsive to priorities set at the top. Administration emphasis on cost and placement results, training, and private sector participation were transmitted as much—if not more—by rhetoric as by law and regulations. Thus, it is reasonable to expect that, where change is needed in program directions, clear statements from Secretary Brock, Secretary-designate Semerad, and Mr. Jones will play an important part in shifting the attention of local decision makers to improvements in program design and results. Their leadership in this vein should be encouraged and given time to take hold.

They have solicited advice on areas for attention and will be listening with special care for your input and that of the Subcommittee. With that in mind, permit me to suggest some areas of concern for your consideration.

PERFORMANCE STANDARDS

The time has arrived for JTPA performance standards to evolve into measures of longer term benefits to participants. Essentially, this means gearing the program away from the current primary emphasis on placements at the lowest reasonable cost upon completion of participation and toward a focus on more enduring benefits of holding a job and increasing earnings as a result of JTPA services.

This shift would bring the program into conformity with the Congressional intent, as expressed Section 106 of the Act—

"The basic measure of performance for adult training programs under Title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program."

The current national standards do not include such measures.

The Department has moved forward to develop the so-called "post-program performance" measures called for in the Act. It organized a Performance Standards Advisory Committee of officials and professionals throughout the system. The committee made its recommendation in June.

Following that report, the National Job Training Partnership held Forums in 5 cities to promote wider understanding of "post-program" measures and to advance the state-local dialogue about them. At the Forums, we learned several things about the views of state and local program people on the longer term measures:

The cost of designing and conducting participant follow-up surveys will be a problem, particularly in small states and SDAs.

The cost of new program designs aimed at job retention and increased earnings could be substantial, resulting in larger investments per participant and some reduction in enrollments.

Seventy percent of those completing a questionnaire believed that "post-program" measures would enhance the credibility of JTPA programs, but only forty percent thought they would affect program quality.

State and local interests alike were concerned about how new measures would affect incentive award and sanction systems and how the measures could be adjusted locally to take account of community conditions.

Department staff attended the Forums in all 5 cities to gauge the concerns related to the new measures.

To be both effective and fair, the movement to "post program" performance standards must occur in steps. The advisory committee recommends establishing no more than performance measures and related data collection mechanisms for the biennium beginning next July 1. These and other data collected in program years 1986 and 1987 then would be used to construct and test a statistical model that would permit adjustments to state and local conditions before implementing numerical standards upon which incentive awards and sanctions could be based and defended.

Clearly, such an approach would require reliance on the current performance standards for at least two more years. This, in turn, calls for immediate attention to improve the current system.

Foremost among its weaknesses is that the data are not comparable from state to state, or even from SDA to SDA within the same state. There is no uniform national definition of "participant," "termination," or "entered employment."

System performance outside the realm of performance standards, which seek to measure outcomes, also attract attention and evaluation. Among them are the "program inputs"—the number and characteristics of participants enrolled and the services provided for them. A great deal of information on these inputs is collected by the Job Training Longitudinal Survey. It tends to show that the JTPA participants are not much different from CETA participants, but for a larger proportion of high school graduates suggesting a higher degree of job readiness. It also shows that on-the-job training and classroom training are the preferred program services.

FUNDING ALLOCATIONS

Mr. Chairman, you are familiar with the concerns that have arisen from the JTPA allocation formulas, particularly the Title II formula used to make allocations for the basic Part A program for youth and adults and for the Part B program of summer jobs for youth. I would be remiss, however, if I did not briefly review these and several other concerns.

Title II-A

Some 300 SDAs experienced reductions from the previous year in the amount of funds they were allocated for the current program year. Over 80 percent of the 300 lost less than 20 percent, but half of the remainder lost 20-30 percent and the other half lost between 30 percent and 72 percent. In many cases, the losses forced dismantling of administrative and service delivery structures although large numbers of eligible persons remain available to be enrolled.

Title II-B

In each of the last two summers, the Congress has appropriated $100 million of supplemental funds for the Summer Youth Employment and Training Program and directed that they be allocated to SDAs so that the summer program is funded as nearly as possible to the level of the previous year. Similar provisions for next summer have been adopted by the House in its Labor-HHS-Education appropriations bill. The Senate Appropriations Committee's version of the bill does not include $100 million of supplemental funds, but it does include provisions for offsetting SDA funding losses caused by the regular Title II formula. All of these adjustments were occasioned, in the main, by the switch from the CETA allocation formula, based heavily on youth unemloyment and poverty, to the JTPA formual which heavily emphasized total unemployment, over half of which is an adult condition.

Title III

The Reagan Administration, the House of Representatives, and the Senate Appropriations Committee all agree that new funds for the Program year 1986 Dislocated-Worker Program should be reduced to $100 million from prior levels of $122.5 million. The Congress is concerned about data from the fiscal year that ended over a year ago showing large amounts of unexpended Title III funds at that time. States have three countervailing concerns about the impending cuts:

The data showing purported underspending failed to adequately distinguish between obligations for service contracts and expenditures for services provided.

The funding cuts would not be apportioned to take account of where the underspending is occurring, thus penalizing those states that have fully committed and utilized their allotted Title III Funds.

The decision to bring all of the "excess" out of the system thwarts the ability of the states to reserve some amount of the funds for use in connection with impending plant or production line closings.

Meaning of "underspending"

The concerns of the Administration and Congress about underspending are understandable and, of course, legitimate to the extent that unused funds are not supporting vital services of high national priority to those at a disadvantage within society. There may be problems of perception in connection with "underspending," however. The JTPA program is new enough that budget analysts have not been able to develop a reliable "spend-out rate" for JTPA programs. Lacking that, the analysts appear to be relying on their CETA experience, and therein lies a problem. Cash flow under CETA was dominated by weekly pay checks—for PSE and work experience wages and allowances for classroom training participants. Under JTPA, these expenditures are prohibited or severely restricted. Moreover, the quantum increase in the use of performance-based contracts under JTPA slows the cash flow further as funds are reserved for final payments to be made after the contract elapses and the contractors performance is verified.

Administrative responses.

Legislative responses may be required to resolve these funding allocation concerns reliably and to the relative satisfaction of federal, state, and local interests. But administrative steps could ameliorate the effects of current provisions of law. For example:

The Department of Labor could provide expert technical assistance in the formulation of "areas of substantial unemployment" (ASUs) which may be the crux of the problem with funding shifts in Title II-A. The Department has required State Employment Security Agencies to formulate ASUs at the state level for the Department's use in making the JTPA allotments to the states. Recognizing that a different and more discrete set of ASUs could be used for state allocations to SDAs, the Department has alerted the SESAs to the possibility that the Governors may request them. The Department could actively promote joint work groups in each state that would bring together key staff of JTPA agencies responsible for the allocations and key statisticians from the SESAs who provide the data at the local level for formulation of ASUs and for JTPA allocations.

A number of states, searching for ways to ameliorate volatile shifts in Title II-A funding, concluded that using two years of "most recent" unemployment data would be helpful. So far as I know, however, only California and Virginia recieved Department acquiescence on this approach in time to use it for the current year's within-state allocations. All states would appreciate knowing that this option is available.

The Department could advance understanding of "underspending" in JTPA with a devoted effort, and associated technical assistance, to establish a base-line "spend-out-rate" for JTPA programs that would more adequately reflect national cash flows associated with the new service delivery mechanisms utilized in the program.

Perhaps most important, far more timely financial reports are required if Congress is to act on resource allocations with precision and confidence. At present, states submit an annual report after the close of the program year. Generally, the report is due in mid-August, long after final decisions on the federal budget have been formulated and preliminary but enduring perspectives are adopted in the appropriation process.

YOUTH SERVICES

It is well established that JTPA program administrators have experienced great difficulties in meeting the requirement that 40 percent of Title II-A expenditures be for services to youth. Generally, there are two dimensions to the problem:

The difficulty in recruiting youth in large numbers to enroll in a program whose legal and administrative restrictions on wages, stipends, and support payments preclude program designs that offer them something immediate, tangible, and of value as encouragement.

The adminstrative difficulty of tracking each individual cost associated with each individual participant—a task that is currently essential if the full youth investment is to be recorded by an SDA program.

Administrative responses

While it may be too much to expect that administrative steps can resolve problems so widespread and difficult, there are several that should be considered and tried, if only to hone the potential legislative responses that are being suggested.

The Act effectively prohibits training stipends, but seems to permit such devices as "earned incentive payments" where a participant can earn an amount for achieving specific training objectives. Since the payments would be an integral part of a motivational strategy and associated with specific training competencies, they could be regarded as chargeable to the training cost category. Explicit authorization of this approach is necessary if state and local programs are to comfortably add this option to their list of program designs.

Local program operators also need considerably more encouragement before they will utilize the authority granted by Congress for procuring youth services under fixed-unit price contracts that allow payments to contractors for outcomes other than placement in unsubsidized employment. This authority was enacted as a special provision in the Carl O. Perkins Vocational Education Act of 1984, prompting a number of states to adopt an expensive interpretation that, at least indirectly, encourages the use of this device in procuring youth services. But many states feel a need for more explicit encouragement from the Department before revising state policy in this regard.

Many SDAs are developing or implementing new program designs combining basic skills instruction with workplace training, some with innovative arrangements in connection with the summer jobs program. In addition more SDAs are turning to the exemplary youth programs in the Act, but not yet on the scale you might have hoped. These efforts are ripe for a liberal application of federal encouragement, technical assistance, and for that matter, marketing to program designers and PICs throughout the country.

Finally, the inordinately difficult and costly task of tracking youth expenditures could be simplified by a system that allows some form of pro-rating project costs proportionately to persons age 21 and under. A change in the Department's current position is needed to correct this drain on scarce administrative resources and preclude questioned costs in audits.

TARGETING SERVICE GROUPS

Mr. Chairman, I wish to respond to your request for comment on targeting service groups for special attention and assistance in developing their employability. As a preface I should say that I have nothing substantial to add to the current body of knowledge on how target groups are faring in enrolling in the programs and transitioning to the workplace. Therefore, what I can offer is in the nature of observations on what the studies have shown, along with some anecdotal information on directions occurring in the system.

Generally, the studies show that the characteristics of JTPA participants are remarkably similar to those who were served under CETA. However, there are several points of trouble indicated by the data.

One is the poor early showing of JTPA in serving school dropouts. To a considerable extent, this can be attributed to the overall problem of enticing youth into a program that promises only the deferred rewards of a good job and good pay some day if you'll eat your peas and learn to read and come to training every day.

The number of high school graduates among enrollees and placements started unusually high—nearly 65 percent—and has retreated grudgingly. This originally was attributed in large measure to the number of eligible persons with high school diplomas who were out of work during the latter stages of recovery from the recession. But the continued high proportion of high school graduates points increasingly to the conclusion that service delivery agencies and employers prefer dealing with clients who are more nearly job-ready.

The Westat, Inc., study released early this year was hailed as evidence that JTPA was doing a better job than CETA in serving the long-term unemployed. But the study also reported that "The proportion with no unemployment (not in the Labor Force) prior to program entry was substantially higher under CETA." The supporting table of data for this observation shows that 5.1 percent of JTPA participants had been out of the labor force prior to enrollment, while 6 times that proportion—30.6 percent—were among participants in CETA in one of its final years. It seems highly unlikely that this difference can be explained by "secondary wage earners" entering the labor force in larger numbers under CETA than under JTPA. Additional data and analysis are needed to determine whether the large difference is attributable to first entrants or re-entrants to the labor market and, if so, why their participation in JTPA programs is dramatically lower.

The system endures criticism for the level of service to the handicapped, older workers, high school dropouts, and other target groups. Westat observed that "virtually all jurisdictions have to some degree emphasized significant segments and target groups," albeit with varying success, and local programs are identifying target groups even where states are not requiring it. The real scope of the problem may be elusive for want of national data. State officials say that they report administrative information on especially targeted projects conducted with state set-aside funds, but the reports are necessarily informal, since the regular Federal Reporting system has no place for this information. Without a national "Bucket" to catch the data, further disciplined investigation is indicated here as well.

POLICY GUIDANCE AND TECHNICAL ASSISTANCE

It is generally conceded that the level of national funding for Title II-A and Title III programs administered by the states—funding that has held steady at $2.1 billion annually since JTPA's inception—is enough to serve not more than 5 percent of the eligible population per year. Westat concluded that it was less than 2 percent in JTPA's first year.

With so few resources compared with the scope of program goals, the most must be made of every available dollar. That, in turn in these austere times, depends on four principles: innovation, coordination, clarity of goals, and enhanced capacity to design and administer programs.

Both innovation and coordination have advanced significantly at state and local levels, but often at considerable risk in an environment of pervasive uncertainty about how Federal auditors will treat novel approaches and resource trade-off provisions of coordination agreements. The innovators and coordinators would feel more confident if they sensed that firm understandings—perhaps in the form of a national audit guide—had been reached between the policy experts in the Employment and Training Administration and the auditors in the Office of the Inspector General.

As others have observed, the system has responded in its early months to what were perceived to be clear goals of high placement rates at low costs. But reports of program shortcomings—services to youth and a preference for the job-ready, for example—have complicated and, to some extent, confused the goals picture. My own view is that national leaders oversimplified their expectations at the outset, and the challenge now is to adjust perceptions in the system to the more complex goals that are both explicit and implicit in the Act. One element of this adjustment, of course, is a set of performance measures and standards that are consistent with these more complex goals. Another is more open, extensive, and consistent policy guidance from the national level.

In all of these and other areas of program development, special additional efforts are needed to help translate policy into practical application at state and local levels through expanded technical assistance and training. In a system that prescribes performance standards at the national level, there should be no question that capacity development for meeting those standards is a federal role and responsibility.

Technical expertise is available, but it is dispensed across the nation in state and local agencies, as well as private organizations. A dedicated effort to identify and catalogue this expertise would be a major contribution.

Perhaps it is time for the Employment and Training Administration to revive an Office of Management Assistance akin to that which emerged in 1979 pursuant to provisions of the 1978 CETA amendments. Such an office could develop a solid national technical assistance plan, identify technical resources, and channel financial resources into avenues of highest priroity in light of program goals and performance.

Mr. Chairman, I noted earlier that the JTPA system has been encouraged by the prospect of additional attention and credible leadership from Secretary Brock and his new team. There is emerging confidence that, as their efforts unfold over the weeks and months ahead, the system will gain confidence and mature further in directions that you and the Congress intended.

Mr. HAYES. Mr. Slobig.

STATEMENT OF FRANK J. SLOBIG, PROJECT DIRECTOR, THE ROOSEVELT CENTENNIAL YOUTH PROJECT

Mr. SLOBIG. Mr. Chairman, my name is Frank Slobig, and I'm the director of the Roosevelt Centennial Youth Project, a national youth employment advocacy project focused exclusively on disadvantaged young people and educationally at risk young people.

I also serve as the chairman of the public information task force of the National Youth Employment Coalition, 1 of the 10 organizations that Mr. Kolberg mentioned earlier that have been working very closely together in focusing on the whole question of youth service and JTPA.

Another experience that colors my remarks today is having been an employee of the Employment and Training Administration for 10 years, from 1971 to 1981, and I would like to focus my remarks briefly on three themes that I think have been in one way or another touched upon by almost everybody who has appeared here this morning. Leadership, the need for a more coordinated human resource development system, and finally equity in the system.

I subscribe to most of the recommendations and technical points that have already been made by those who have appeared here before us this morning, and I perceive that there is no question right now that the opportunity exists in the system, and, in fact, the hunger exists out there for the return to a more balanced, more substantive and proactive role on the part of the Department of Labor.

I think we are all encouraged by what we hear from Secretary Brock, the tone that has been set by him since he has come, and the appointments that are being made as a reflection of perhaps a return to what many of us see as a far more reasonable and responsible and substantive role after a far too long period of what some of us have characterized as a virtual abdication of leadership.

One segment of that system, however, that deserves particular attention, it seems to me, and one that has been increasingly at least up to the present time ignored and even mistreated in recent years, despite the fact that it plays a critical role in the mission of the Employment and Training Administration, is the staff of ETA itself.

I was delighted this morning to see accompanying the Secretary many creative, intelligent, vibrant former coworkers that I have not seen in this setting in many years, and that in itself seems to me reflects an inclusive kind of mentality that I hope becomes much, much more widely implemented within ETA itself.

Those individuals and the others like them have spent the best years of their working lives striving to make a valuable contribution to that organization. They are professional public servants capable of working effectively and have proven it under both Democrats and Republicans.

They have survived the swinging pendulum of changing public policy emphases, but rarely until recent years did they doubt that their insights and skills were needed and wanted. They have watched in recent years the almost systematic dismantling of an organization that they've spent a career building. They have survived at least three major reorganizations and reductions in force and a series of other official or unofficial minireorganizations. Practically every one of them has been subjected to two or three random reassignments, and many of them have been in five different jobs in the last 4 years, often in ones where they had no previous experience.

Unfortunately cynicism and low morale became pervasive in the Patrick Henry Building. Fortunately, the pall seems to have been lifted, and for that, we are all grateful. The Secretary and his new Assistant Secretary must continue to make persistent efforts to reassure the remnant within the Patrick Henry Building and the principal actors in the system that they are, in fact, continually committed to the mandate and mission of the Employment and Training Administration. In doing so, they must go beyond the executive staff of ETA itself and demonstrate an openness and receptivity to the good ideas and the considerable energy that exists below the top level. The leadership that the system seeks needs to become evident in policy clarification, in a needs assessment of what the States and service delivery areas say is wanting, and in a well-designed technical assistance and training strategy to address those needs. All of these activities to the maximum extent ought to include the substantive involvement and redirection, as necessary, as Martin suggested, of ETA staff resources at the national and regional levels, working with the public interest groups and other appropriate outside agents.

The second area that I would like to dwell on momentarily is that of a more coordinated human resource development policy. I think those of us who have testified today have argued and will probably continue to disagree to some extent on the appropriate targeting of limited public resources. Regardless of our biases, however, we all can agree that there is, for example, little or no evidence of a rational nationally coordinated strategy in serving young people, or little evidence at least at the State or local level that that exists as well.

We have all had the experience of convening meetings at which people from the same locale, deeply interested in a particular topic or area of social concern and perhaps working for years in addressing those problems, found that they met one another for the first time at that meeting.

Since JTPA's passage, we have heard a great deal about public/private partnerships, and clearly the employment training system has made notable progress in involving a segment of the private sector. The system has put a premium on moving people quickly and maybe too inexpensively into the private sector toward a greater degree presumably of independence and self-sufficiency.

But, self-sufficiency and the barriers to it, to achieving it—in our society, however, most of the barriers to achieving that self-sufficiency are interrelated and attacking one successfully will only partially alleviate others.

So one corollary of that conclusion, it seems to me, is that we need far more emphasis on public/public partnerships. We have heard a lot about public/private partnerships, and I think we need to hear much more about public/public partnerships, and this is clearly an area where committed, visible and sustained leadership at the Federal level, along with the encouragement of and support of State and local counterparts can enhance the human resource development capability. Interagency coordination is not easy. All of us who have worked trying to achieve it have been frustrated to tears at times, but it is a critical, critical variable. It can take a long time to develop, but in an era where budget drives policy and deficits constrain our ability to serve larger numbers, every avenue of public coordination should be explored.

There are examples at the State and local levels, and those should be given national visibility, pushed and endorsed by policymakers and held up as replicable to others.

Finally, I would like to share a few thoughts about equity of service. The strong orientation toward meeting the need of the private sector driven by the placement standards has for some of us resulted in a disturbing tilting of the system away from meeting the human resource needs of many who could benefit greatly from the service, but who simply aren't capable of meeting the relatively high screening standards used to determine who is or who isn't an appropriate candidate for training.

We've all heard the arguments about limited resources, legal constraints, performance standards and employer requirements. What we hear less about unfortunately is the extent of the need, the profound work and education deficits that continue to exist, what the Labor Department's own research tells us about the most effective use of public dollars, and whether there is any concern at all that our investments should be made in others among the 95 percent or more eligible for JTPA services who simply are not receiving them.

For example, we know that early work experience is an important determinant of future employment. Official PLS data tells us that there is 1,300,000 16- to 24-year-olds officially counted among the unemployed who have never had any previous work experience.

Mr. HAYES. Mr. Slobig, if I may interrupt, if you could just summarize, we would appreciate it.

Mr. SLOBIG. I only have a couple of more points to make, Mr. Chairman.

Mr. HAYES. A vote is calling us.

Mr. SLOBIG. CPS data also tells us that 5 million 16- to 24-year-olds are out of school and have never received a high school diploma.

Clearly, the emphasis on basic skills in the system and the need for remediation for a large segment of the eligible population of JTPA are critical areas that need to be emphasized, and we would urge this committee and that was the one major concensus item that the 10 organizations that Mr. Kolberg referred to before agreed upon together.

The fine tuning of the JTPA system has been recommended as important, but a vision, a direction, and a long-term commitment in addressing the basic skills deficits is also critically needed.

The absence of such a broad farreaching agenda will surely result in continued inequities, further distortions in the opportunity structure in our society, and deeper divisions between those served and those left behind. Thank you, Mr. Chairman.

Mr. HAYES. Thank you.

[The prepared statement of Frank J. Slobig follows:]

PREPARED STATEMENT OF FRANK J. SLOBIG, PROJECT DIRECTOR, THE ROOSEVELT CENTENNIAL YOUTH PROJECT

Mr. Chairman and members of the Subcommittee, I am delighted to have the opportunity to appear before you this morning to testify about the Department of Labor's role in implementing and administering the Job Training Partnership Act. My name is Frank Slobig and I direct a Washington based but nationally focused public information and policy/advocacy organization called the Roosevelt Centennial Youth Project. Our singular emphasis is on issues and programs related to the employment, training and education of young people, particularly those who are economically disadvantaged and educationally at risk.

I also serve as the Chairman of the Public Information Task Force of the National Youth Employment Coalition. Although the views I express today are my own, they have clearly been influenced by close association with more than 30 other agencies and organizations who share a common concern for equitable and effective service to young people. Finally, I would like to share with you my insights from yet a third perspective, namely as one who spent 10 years from 1971-1981 in the Employment and Training Administration, as a public servant under four different administrations, three of them Republican.

I subscribe to most of the points that were made by the previous witnesses but would like to underscore and emphasize a few of them. First, leadership. There is no question that the opportunity exists now and, in fact, the system is hungry for the return to a balanced, more substantive, pro-active role for the Department of Labor. After too long a period of virtual abdication of leadership from the federal level, Secretary Brock, his Assistant Secretary, and the senior policy staff of the Department have begun and must continue to reassure the principal actors in the employment and training system that they are genuinely interested in the agency and committed to its legal mandate to serve the American worker and those in particular who continue to be locked out of the economic recovery.

One segment of the American workforce that deserves particular attention, but has been increasingly ignored and even mistreated in recent years, despite the fact that it is a segment critical to the mission of the Employment and Training Administration, is the staff of ETA itself, many of whom have spent the best years of their working lives striving to make a valuable contribution to the organization. Most are professional public servants capable of working effectively under either a Democrat or Republican administration. They have seen political appointees come and go and the best of them have been fortunate enough to work with appointed administrators of vision and purpose who understood that any legacy of lasting value would be left in the responsible hands of career bureaucrats to continue.

They have survived the swinging pendulum of changing policy emphases. But rarely until recent years did they doubt that their insights and skills were needed and wanted. They have watched the systematic dismantling of an organization they spent a career building. They have survived at least three major reorganizations and reductions-in-force and a series of other official and unofficial mini-reorganizations. Practically everyone has been subjected to two or three random reassignments and may have been in five different jobs in the last four years, often in one where they had no previous experience. Cynicism and low morale became almost all pervasive in the Patrick Henry Building. The pall seems to have lifted somewhat since the arrival of Secretary Brock. But once confirmed, Assistant Secretary Semerad should make a consistent and persistent effort to reassure the remnant that their insights and skills are needed and wanted. If ETA as an organization is to be revived, the Department's leaders must take time to reach out beyond the executive staff and demonstrate an openness and receptivity to the good ideas and considerable energy that exist below the top level.

The leadership that the system seeks needs to become evident in policy clarification, needs assessment of what the States and Service Delivery Areas say is wanting, and a well designed technical assistance and training strategy to address those needs. All of these activities to the maximum extent feasible ought to include the substantive involvement, and redirection as necessary, of ETA staff resources at the national and regional levels, working with the public interest groups and other appropriate outside agents.

The second major area I would like to dwell on is the need for a more coordinated human resource development policy. Those of us who have testified today have argued and probably will continue to disagree to some extent on the appropriate target of limited public resources. How well targeted our programs are or should be, and whose needs are paramount for which systems are questions that can generate seemingly endless discussion. Regardless of our biases, we all can agree that there is, for example, no national youth policy, or scant evidence of any state or local youth policies. All of us have had the experience of convening a meeting at which people from the same locale deeply interested in a particular topic or area of social concern and perhaps working for years in addressing such problems have met one another for the first time.

Since JTPA's passage we have heard a great deal about public/private partnerships. The employment and training system has made notable progress in involving a segment of the private sector. The system has put a premium on moving people as quickly and inexpensively as possible into private sector employment and toward a greater degree of independence. In short, the objective has been self sufficiency. In our society, however, most of the barriers to achieving that self sufficiency are interrelated, and attacking one successfully will only partially alleviate others. One corollary of that conclusion is that we need to emphasize far more than we have public/public partnerships. This is an area where committed, visible, and sustained leadership at the federal level along with the encouragement of and support to state and local counterparts can enhance the human resource development system. Interagency coordination is not easy and effective agreements can take time to develop. But in an era when budgets drive policy and deficits constrain our ability to serve large numbers, every avenue of public coordination should be explored. Examples do exist at the state and local levels and those should be given national visibility, endorsed by policy makers, and held up as replicable by others.

Finally, I would like to share a few thoughts about equity of service. The strong orientation toward the private sector driven by the placement standard has for some of us resulted in a disturbing tilting of the system away from meeting the human resource needs of many who could benefit greatly from its services but who aren't capable of meeting the relatively high screening standards used to determine who is or isn't an appropriate candidate for training. We have all heard the arguments about limited resources, legal constraints, performance standards and employer requirements. What we hear less about is the extent of need, the profound work and education deficits, what the Department of Labor's own research tells us about the most effective use of public dollars and whether there is any concern at all that our investment should be made in others among the 95% or more eligible for JTPA services who aren't receiving them. For example, we know that early work experience is an important determinant of future employment. Official Bureau of Labor Statistics data tell us that there are presently more than 1.3 million 16–24 year olds, counted as officially unemployed, who have never had any previous work experience. We also know that having a high school diploma is increasingly more important in our credential conscious society. Yet the Current Population Survey tells us that nearly 5 million 16-24 year olds are out of school and have not yet received a high school diploma.

Ten organizations, seven of whom have been represented by witnesses here today, concluded last Spring that lack of basic skills and lack of jobs were the two most significant problems that affect young people's employability. They recommended accordingly that basic skills remediation should be a fundamental component of any employability development activity, including the Summer Youth Employment Program. Such a recommendation has obvious implications regarding leadership, guidance, resource allocation, interagency coordination, model development, sequencing of services and year round programming. It is on issues such as this that we urge this Sub-committee to hold the Department of Labor accountable. A major commitment by the Labor Department now to begin to change the nature of the summer program and to link it in a more integrated fashion with year round basic educational services, both within and outside the school system would be a clear sign that a new day may, in fact, be dawning in the Frances Perkins Building.

The Secretary of Labor should publicly and emphatically acknowledge that the attainment of basic educational competencies is a sine qua non in our society and a legitimate, critically necessary and rewardable accomplishment that the employment and training system should be striving to achieve. The Secretary should be encouraged to link up with his cabinet level counterparts and the private sector to harness the resources to attack this basic problem. The goal would be to put in place community learning centers all across the country in existing job training centers, in schools, in public housing projects in social service agencies, in churches, in Boys and Girls Clubs, in Y's, in neighborhood organizations, in juvenile facilities, in shopping centers, in military installations, in industries and businesses—anywhere people congregate who could benefit from basic remediation. Some of this already exists but not in the coordinated or comprehensive fashion needed to seriously address the problem.

The fine tuning of the JTPA that has been recommended is important. But a vision, direction, and pragmatic long term commitment to addressing the basic skills deficit is critically needed. The absence of such a broad, far reaching agenda will surely result in continued inequities, further distortions in the opportunity structure in our society, and deeper divisions between those served and those left behind.

Mr. HAYES. As you heard the bells, we do have to go, and take care of the little matter of a vote. We have benefited by your testimony, and undoubtedly we will want to have some questions answered by you in writing which will be submitted to you, and we hope you will respond.

I just wanted, Mr. Kolberg, to make one statement in comment and reference to your testimony. You mentioned the 68 percent replacement rates in title II-A participants and the prospect of doing even better.

This is an area of deep concern to this committee. While we recognize that the system is performance driven, we are concerned that local elected officials and PIC members not lose sight on the goals of JTPA, which is to provide employment and training services for the disadvantaged and become concerned only with achieving the higher placement rates. I just want to make that comment so you can keep that in mind. This is one of the objectives of this committee. I want to thank each of you for having been before us, and you may rest assured that your testimony will be of value to this committee.

Thank you very much. This concludes the hearing of the subcommittee.

[Additional material submitted for the record follows:]

THE NAVAJO NATION,
October 24, 1985.

Hon. MATTHEW G. MARTINEZ,
Chairman, House Committee on Education and Labor, Subcommittee on Employment Opportunities, Washington, DC.

Attention: Genevieve Galbrath.

DEAR CHAIRMAN MARTINEZ: Please find enclosed the original and one copy of the Navajo Tribe's testimony on Job Training Partnership Act (JTPA).

We request that this testimony be made part of the record of the October 10, 1985 hearing.

Please do not hesitate to contact me at 775-0393 if there are any questions. Thank you for your time and assistance.

Sincerely,

ERIC D. EBERHARD,
Deputy Director,
Navajo Nation Washington Office.

Enclosures.

TESTIMONY OF THE NAVAJO NATION

Mr. Chairman, the Navajo Nation is pleased to have the opportunity to provide comment on the implementation of Job Training Partnership Act (JTPA). The Navajo Division of Labor administers JTPA programs and provides services to Navajos residing in the States of Arizona and New Mexico. The Navajo Nation receives these JTPA funds: Title IV, Title II-B, and Title II-A (refer to attachment).

Since 1983, the Navajo Tribe has worked with both the federal and state governments to effectively implement JPTA to address the severe employment and job training needs of its people. This mission has been most difficult given the lack of an established private sector base on Indian Reservations. Most notably, the JTPA performance requirement on client placement into unsubsidized jobs poses a major problem in the implementation of JTPA on the Navajo Reservation where there is 36% unemployment. Our experience re-states the necessity of the recognition of the following factors which complicate the implementation of JTPA.

Lack of private sector base; government employs 72% of those working;

High percentage of youth (50% of population is under age 18);

Severely depressed economy with 36% unemployment;

Low per capita income (2,414) inclusive of welfare and wage work (1980 census).

The Navajo unemployment (36%) problem is largely unaddressed by JTPA due to its lack of emphasis on the long-term unemployed. These individuals have limited work experience, are unskilled, and do not readily qualify for assistance under the JTPA guidelines. The Navajo Division of Labor expresses these additional concerns related to implementation:

(1) State Title II A grant awards are usually delayed until 3-4 months into the program year. The states' final appropriations and contracting processes for implementation do not coincide with congressionally authorized operational dates. This difference in time table hinders the timely implementation of state programs. The States must be required to get resources to Service Delivery Areas and subgrantees within a given time period.

(2) The Performance Standards under Title IV imposed by the U.S. DOL National Special Program Office and State Service Delivery Areas are inconsistent with Title II State grants. DOL should use only one system applicable to all Indian Grantees at both the federal and state levels. DOL must properly consult with the Indian Grantees on standards adopted. Often these standards are designed so that grantees are judged on their performance against their plans instead of their performance against issued performance standards. Additionally, DOL should be consistent at both levels with respect to how it applies the law. Indian grantees should not be penalized for failure to meet their standards without first being rendered technical assistance for at least one year.

(3) A special set-aside should be provided for technical assistance to Indian grantees at both the federal and state levels. This set-aside should include funds that reward grantees who exceed their standards. The Navajo Nation opposes recommendation that proposes Indian carryover money be used or that money be withheld from Indian grantees' allocations at the federal and state levels for use as a "reward pot" for Indian or non-Indian grantees.

(4) The JTPA statute requires DOL to consult with Indian tribes and Indian organizations on a range of policy issues including regulations and performance stand-

ards. This needs to be put into practice more. We strongly recommend that DOL promote an "open process" of selecting Native American representatives to assure fairness.

(5) Title II A administrative costs limitation of 15% is very restrictive, and if possible should be waived. Title II A must have greater flexibility, as with Title IV A, to address conditions under which tribally operated programs must do business. Additionally, Title II A allocations must be based upon present employment conditions, not on dated population count, if the magnitude of the unemployment problem on Indian reservations is to be effectively addressed.

(6) Expedite designation of the Navajo Nation, which lies in a tri-state region, as a single "Service Delivery Area (SDA)." Tribes with significant land base and population should be recognized as a "sovereign entity" in order to be eligible for designation as a separate SDA. Tribes are currently considered as a "community-based organization" and are included in the definition of a "Unit of general local government."

(7) The Navajo Nation must receive services available under the State JTPA Title V. If not, the Native American grantees must be allocated Title V funds to operate much needed Job Service programs on Indian Reservations.

With these possible modifications in JTPA, it will become more reasonable to effectively implement this law to address the overwhelming employment needs of the Navajo People.

Mr. Chairman, we thank you again for this opportunity to present our views on the JTPA program.

THE NAVAJO NATION, NAVAJO DIVISION OF LABOR, JTPA ALLOCATIONS

Title	Fiscal year 1984	Fiscal year 1985	Duration
National title IV-A	$7,513,498	$7,229,094	July 1, 1985 to June 30, 1986.
National title II-B SYETP	2,494,377	2,494,377	October 1, 1984 to September 30, 1985.
Arizona ACP	191,848	151,038	January 1, 1985 to June 30, 1986
Arizona title II-A	1,184,338	863,885	July 1, 1985 to June 30, 1986.
Arizona title II-B	410,177	429,434	January 1, 1985 to December 31, 1985.
New Mexico title II-A	429,254	358,106	July 1, 1985 to June 30, 1986.
Total	12,223,432	11,525,934	

FY-1986: Congress still has not released the appropriations of this date.

NATIONAL EXPERIENCE-BASED CAREER EDUCATION ASSOCIATION,
Granada Hills, CA, October 1, 1985.

Hon. MATTHEW MARTINEZ,
Chairman, Subcommittee on Employment Opportunities, Washington, DC.

DEAR CONGRESSMAN MARTINEZ, I am writing this letter in support of the proposed legislation covering a national service program (H.R. 888, H.R. 1326, and S. 536). I believe it is most important for our nation to establish a national service so that young people can contribute to the improvement of their communities.

I have been involved in developing educational programs that use the community as a classroom for thee last ten (10) years. I have also studied many issues related to experiential learning, school to work transition programs for youth, and even the prospects for a national service in a local community (I am currently enrolled in the doctoral program in Education and Work at UCLA). My current studies and the many experiences I've had leads me to believe that we must move to provide young people with meaningful opportunities to learn about responsibility, the world of work, and personal commitment to involvement in community improvement. A national public service would serve the needs of all youth who desparately want a chance to prove themselves to the adult world—to show that they are not just part of the "me" generation.

My reasons for this belief are contained in the enclosed paper written for a graduate course. In this paper is the description of a survey of students and business people. The survey revealed that one community was strongly behind the concept of a voluntary public service program. I believe these feelings are shared across the country.

Our economy will never be able to absorb the number of young people who want to learn about the world of work. By providing a national service program you will help many youth to gain experiences they would be unable to have. You will be able to allow young people to get a "taste" of work before they ever enter the labor market. Such experiences are necessary for youth to become productive members of our workforce.

Good luck on your efforts to explore the concepts and programs of service learning and national service. Hopefully you will conclude that it is one of the best ways to help youth to help themselves and their communities.

Sincerely,

Robert Shumer, *President.*

A Policy Proposal for a National Public Youth Service

(By Robert Shumer)

"National Service as a concept embraces the belief that an opportunity should be given every young person to serve his country in a manner consistent with the needs of the nation—recognizing national defense as the first priority—and consistent with the education and interests of those participating, without infringing on the personal or economic welfare of others but contributing to the liberty and well being of all." (Eberly, 1966)

This definition of national service, developed from the National Service Conference in May, 1966, offers young people a chance to both contribute to their country and also derive educational benefits from their efforts. It offers them a chance to help improve their world and grow as people—to feel needed by society and to give for their future. Such service provides a viable alternative that contains many advantages not found singularly in any program operating presently.

Many programs exist to transition youth from school to the workplace, giving them work experience and providing them with job skills. Most of these programs offer mundane jobs to youth and expect that they will gain valuable knowledge of the world of work. School systems collaborate with employers to offer related instruction—yet somehow the hard-to-employ remain as such and youth unemployment remains significantly high. (O'Shea, 1979)

What are the shortcomings of these programs and why can a national youth service provide a meaningful alternative to these programs? Such is the focus of this paper—to recommend a policy of youth public service that will del with the defects of existing programs and provide a model to be tested for potential effectiveness as a vehicle for transitioning youth from school to the workplace.

Many programs exist in high schools to deal with the transition problem. The most popular, General, Vocational, and community settings. Credits are issued for broad areas, titled simply Work Experience, because of the non-specificity of the activities completed in the workplace. Students may gain good learning experiences, others may not—there is no way of knowing the real nature of the learning that takes place.

Most of these programs are limited because of their paid requirement component. Students can't enter without already having a job. This tends to do two things: exclude those who are hard to employ (poor, handicapped, disadvantaged) and place most youth in jobs suited to their station in life—unskilled! Thus most youth are limited to low level jobs with dead end experiences (Silberman, 1979).

Most youth don't seem to care too much because they enter the labor market primarily because of their interest in money, not education. In fact, many youth are employed, up to 90% have jobs before leaving high school, and of those, the majority do not participate in any educational program like Work Experience (Datta and Reidere, 1979). Thus youth experience their first venture into the workplace while in high school, and for the most part, it is not a very educational experience.

Because of the exclusion of the hard to employ, special programs were initiated to help them enter the transition process. CETA, YEDPA, Youth Conservation Corps, and others all provide poor, handicapped, and disadvantaged with paid work experience. In most cases the experiences are gained in the public sector (schools, hospitals, and government agencies) and are limited to low level positions like clerks, janitors, and gardeners. While well intentioned, many of these programs provide limited role models for youth since their peers are other hard to employ youth and their adult models are public employees. Also, the related instruction requirements of these programs look good on the books, but are seldom effectively implemented (personal observations). Thus providing pay to poor youth is the overriding concern of these programs; not educational or personal growth characteristics.

Evaluation of some of these programs indicated that they didn't do much to increase self concept or employability skills over their non-deprived peers operating in the private sector (Elliott and Knowle, 1979). This might suggest that government paid jobs in the public sector, with little supervision and little educational feedback, don't have much impact on the problems of employability and transition to the workplace for hard to employ youth.

Given these limited successes, exemplary programs have been developed to provide more suitable experiences for youth to prepare them for employment and the transition process. Experience Based Career Education, Executive Intern Programs, and the like combine the experiences of CETA and Work Experience in rather structured settings, where students, community resources, schools, and parents are more directly aware of educational goals for the work experiences. Emphasis of these programs is on personal development, career education, and basic skill growth rather than skill acquistion or job knowledge. Student placement is not limited to low level jobs and the reasons for placement are more directed towards student's interests and goals, and the involvement more centered on the nature of the experience rather than pay. In fact, students do not receive pay for their community experiences.

Even though these programs seem to capture the best elements of career/work programs, they are noticeably limited in their service to hard to employ youth. The models have been implemented primarily for average to above average students and are used sparingly for handicapped, disadvantaged, and poor teenagers. In fact, they serve a very small portion of youth in the country.

Two reasons seem to account for the slow growth of these model programs—little substantive research on their effectiveness and their potential competitiveness with other vocational and career education programs. Both reasons give little hope for broad expansion in the near future.

While all of the previously described programs deal with employment and transition issues, none of them focus on the idealism of young people to contribute to the betterment of their world, improving living conditions for those who are in need. Many young people criticize established practices and goals of adults in improving the conditions of life for all Americans, yet few have avenues through which they can direct their concern into action. Programs like Red Ross Youth, Girls Scouts, etc., allow for limited service, but certainly not enough to serve the needs of the young adults in the U.S.

This discussion suggests that there are several major problems that exist with current transition to work programs. They are: 1) serve isolated populations, i.e. hard to employ or middle class; none integrated 2) lack of emphasis on personal development, 3) general exposure to low level jobs, 4) failure to create jobs, except of hard to employ 5) failure to include sufficient private sector placements for low income participant, and 6) lack of emphasis on community service for youth.

Programs exist for older youth and adults that address these issues. The effectiveness of VISTA and Peace Corps has been documented as both service and educational programs (Cullinan, 1969). Most VISTA workers found their services more educational in nature than anything else—and found that subsequent schooling was made more meaningful because of their volunteer work. Volunteer programs are recommended as programs not to primarily serve the disadvantaged, but as personal development, educational systems (Cullinan, 1969).

Results of a pilot program in public service (Program of Local Service) indicate that such a program can deal with the transition problems of youth. The Washington state program funded from Action in 1973 indicated that after a service program, older youth (18-25) were able to enjoy a reduction in unemployment (70%-18%), and increased awareness of the needs of the poor. Many of the participants were the hard to employ, even though the program was not targeted toward any particular population. Youth came into the program voluntarily and those that did not do well were counseled. Some youth (12%) and sponsors (1%) were dropped for not fulfilling their responsibilities.

Placements for youth in the program were split between public and private, not profit agencies. Such placements fell into varied categories, with 25% in education, and 10% in each of health, crime protection, and recreation services. Thirty five percent (35%) went to other social services (Eberly, 1979).

Donald Eberly, who helped develop the program, suggests that public service programs be piloted that modify the PLS experience. Specifically, he suggests that programs be directed toward youth under 18 (since no such programs exist currently)—a critical period for youth, especially in developing anti-social behavior. Also, such programs should offer more diverse activities than were available through PLS, areas like cultural and conservation. Finally, a program that providers holistic perspective is needed—one that deals with public service, work experience, education, and personal development. Such focus would help public service to satisfy most of its supporters and critics.

Based upon Eberly's recommendations and the results of interlude experiences of VISTA participants, a national public service program should be proposed that includes some very specific requirements. Necessary elements include: 1) a single (or unified) agency to help youth gain meaningful access to the world of work, 2) participants that include all youth, not targeted populations, 3) program activities that combine knowledge of the workplace with esteem building experiences, 4) placement in both the public and private sectors, 5) goals that emphasize personal development and life skills. Such recommendations can be accomplished through a program that combines an organizational structure similar to VISTA or PLS with a community based educational program like Experience Based Career Education (Far West Model). Participants would have ample opportunity for service combined with structured educational experiences and feedback mechanisms that would assure personal development and increased life skills.

Would a public service program receive approval from youth and adult populations? A survey conducted in Canyon County, California of high school aged students (14-19) and members of the business community showed over 80% supported a voluntary public service program, beginning at age 16. Most members of the business community supported the idea of placement in the public and private sectors, agreeing to accept students if such a program were initiated. Most respondants to the survey also showed their displeasure with a mandatory public service program!

The survey indicated public attitude toward the goals of such a program. Over a 90% of those responding mentioned career information, education, and job training as the top three purposes for the program. This finding supports the evidence found in other service programs—that educational benefits to the participants outweigh the service provided to the community. (For a more detailed discussion of the survey, see Appendix I).

Given the public support and potential goal recommendations, what specific policy proposals can be made to define the scope and nature of the program? The following outline will detail the specific components of the proposed national youth service program, describing the rationale for important considerations.

I. PREPLANNING

(A) Pilot programs be started in eight cities, two from each geographical region (North, East, South, West).

(B) Programs would be administered by a single agency, Public Youth Service Administration (PYSA), and that agency would be funded from a consolidation of sources: CETA, State Departments or Education, Department of Labor, State Youth Authorities, Employment Service, State Work Experience, Federal Career and Vocational Education, and private donations from citizens and businesses in the local cities. A formula would be established for each agency contributing funds based primarily on the percentage of youth normally served by them who would be engaged in the Public Youth Service Program. As an example, if 100 youth normally enrolled in CETA programs were to enroll in PYS, and CETA spent $4000.00 per youth for their participants, then 99% of those funds normally spent by CETA would be transferred to PYS to help support the new participants.

(C) Funding be provided for three (3) years pilot program, with total set at $6500 per participant in year one, $7000 in year two, and $7500 in year three. (Costs for PLS would be $6300 per person). With an estimated 10,000 participants per year, this means a total budget of $210,000,000. While this figure might seem high at first, it must be weighed against anticipated benefits—service to the poor, reduced youth unemployment, reduced welfare costs, and reduced crime prevention costs. Analysis of the Action Program in Seattly (Eberly, 1979) showed that youth contributed services to the community valued at $7000 while the actual costs were only $4000 (per youth). Real costs for youth service programs are almost impossible to calculate using conventional accounting frameworks (Benson, 1968). Actual cash costs are all that is needed, and that is what is provided!

(D) Preliminary start up times of six months be alloted for each community to prepare plans, develop community sponsors, and to coordinate program with existing cooperative agencies in the community—school districts, local CBO's, Chambers of Commerce, etc. Start up goals should include at least 1.5 sponsor sites per anticipated youth participant.

(E) An evaluation design be developed that allowed for measurement of the program on four grounds:

(1) As a public service program;

(2) As a work experience program;
(3) As an educational program;
(4) As a personal development program.

II. PROGRAM IMPLEMENTATION

(A) All youth, 16–19, would be eligible to participate in the program for up to one (1) year.

(B) Public service would count for up to one-half (½) of required national service. This recommendation is made for political reasons, since much of the objection to national service in the 1960's was based upon weakening of the military in time of need (Bixler, 1968). Thus a middle ground of partial credit should be supported by the broadest base of people and agencies.

(C) Placement would be made in local community sites, except for youth 18–19, who could be placed in outside communities. Those youth would receive $300 travel expenses if placed outside their home community.

(D) Supervision of the program would be conducted by staff of local secondary school district(s), with PYSA providing coordination functions. Youth would be enrolled in districts for attendance purposes (unless they had already graduated).

(E) Program format would be similar to Experience Based Career Education (Far West Model) with projects written to describe the nature of the learning activities in the community. Learning coordinators (supervisors of students programs) would assist in writing learning projects. Such coordinators would be responsible for supervising 30 active participants at any one time.

(F) Placement in the community would be with public, private, and private, not-for-profit businesses. Private firms would qualify for potential placement if the scope of their work included support of public objectives, i.e. building public bridges, servicing public agencies. Placements would be made based upon student interests, community needs, and a philosophy of not upsetting the competitive labor market that exists in the private sector. This recommendation answers potential concerns from trade unions who might object to such a program that could potentially "produce a large manpower pool unfairly competing in competitive markets" (Clayman, 1968).

(G) Youth would receive a stipend of 60% of the minimum wage effective at the time of placement, computed on a 35 hour week, 50 week work year. This would be approximately 70% per week, $300 per month, and $3600 per year for 1981–82. The 35 hour week would be divided up into 30 hours of service in the community and a minimum of 5 hours for feedback, discussion, and related instruction. These activities could be conducted at a school site or a designated community location.

(H) Youth would be eligible to receive school credit for activities, with sponsoring school boards setting criteria for credit issuance. It is recommended that EBCE formats provide a suitable model for documentation of student learning in the community, and could be adopted by local boards to create an evaluation process to provide credits for PYS activities.

(I) Youth would normally perform services for elderly, youth, health agencies, educational institutions, government facilities, private and private, non-profit agencies.

(J) Enrollment in the program would be voluntary on the part of youth, and would be subject to limitations established by funding constraints. Youth would contract for community activities. Failure to complete activities and meet program requirements would be possible grounds for removal. Recommendations for removal would be made by the supervising learning coordinator. Final removal would be made by the PYSA staff member in charge of the youth's program.

(K) The program goals for all youth would include several areas of emphasis: service to the community, personal development, work experience, and educational development. Each youth program would define how the youth would be working toward these goals. These recommendations are consistent with major studies dealing with the school to work transition issue (Carnegie Commission, 1980, Coleman, 1973, Eberly, 1979).

III. FOLLOW UP

(A) The Public Youth Service Administration would be responsible for conducting a three (3) years follow up study on participants to determine employment history, schooling status, satisfaction with PYS program, incidence of welfare or unemployment benefits, and other suitable information necessary to evaluate the overall effectiveness of the program.

Thus, the need for a national public youth service program is beyond doubt. Youth need transition programs that go beyond job skills training—they want programs that provide opportunity for personal growth, skill, development, and increased self esteem. They should be given the opportunity to contribute to society while they are helping. Public service seems to be the best mechanism with which to deliver all these components.

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Appendix I

A survey to determine attitudes toward a public service program was conducted in the Newhall-Saugus area near Los Angeles, California. The survey was distributed to students in English and Work Experience classes in a continuation school and to students in a comprehensive high school in Social Studies classes. It was also distributed to 25 local business people in the area.

It was felt that the surveys would indicate a moderate interest in public service (mean equal to 2.75) and that business people would be more strongly in favor. It was also expected that students and adults would favor such a program for its service merits, and oppose it as a mandatory program.

The results of the survey supported the initial beliefs. 80% of those surveyed favored a public service program, with an overall mean of 2.16 (S.D. 0.88), indicating approval of the concept. There was no difference between the student or adult populations—approximately 80% in each group favored the program.

As far as the goals of the program were concerned, the original beliefs turned out to be completely incorrect. Of the 5 responses possible, service garnered only 2% of the top two places, while career information, education, and job training gathered 64–65% each. Of the three top goal choices, career information, education, and job training held percentages of 92, 95, and 92 respectively. Clearly the people sampled viewed the purposes of the program as something more than service—it was to be a program that offered equal amounts of career information, education growth, and job training.

These results parallel the findings of Cullinan in his study of attitudes of returned VISTA volunteers. 66% of those interviewed found their "educational dimension substantially in excess of their service rendered". Thus the educational dimension of volunteer experiences are considered to be of high importance—more important than the actual service itself.

The results of the Saugus survey on mandatory service supported the belief that people do not want mandatory programs. A mean of 3.90 (SD of 0.91) was recorded, indicating a definite reaction against such mandatory service. There was no difference between youth and adult responses on this issue. Both disapproved of the mandatory policy.

On the issue of placement, most businesses (77) said they would place youth at their site under a national youth service program. Most youth, as expected, checked the not applicable line, indicating that they had no control over placements.

The average age for the survey was 24.8 years, with the youth average lower at 17.2. 51 males took the survey, as did 33 females.

The results of the survey, while not intended to be conclusive, indicate a trend toward acceptance of a national youth service program. Further corroboration from a large, nationwide survey would give a stronger predication of public support and should be carried out before seriously implementing a national public service program.

[Whereupon, at 12:07 p.m., the subcommittee was adjourned.]

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